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ABSTRACT

The impact of new technologies on occupational profiles in the banking sector was examined through case studies in four European countries: Luxembourg, the Netherlands, the United Kingdom, and France. In each country, three types of banking institutions were studied: merchant (Eurobank); "counter" (universal) bank; and telebank (bank operating solely via computer or telephone). Information was obtained through interviews with the banks' general directors and directors of human resources. Trade union representatives were also interviewed. According to those interviewed, mergers and buyouts are increasing and resulting in fewer financial institutions. In absolute terms, employment is increasing in the Netherlands and Luxembourg but decreasing in France and the United Kingdom. Competition is increasing, as are jobs focusing on customer service and customer contact. In all four countries, new technologies are threatening clerical jobs. Computer-aided decision-making software and computerization of many banking operations are threatening many administrative jobs while increasing the demand for specialized banking skills among the few employees who will take over where computer-aided decision-making software leaves off. In almost all banks studied, greater importance is being attached to individual social and behavioral skills and to continuing training (including self-training). (Contains 22 references and 22 tables.) (MN)

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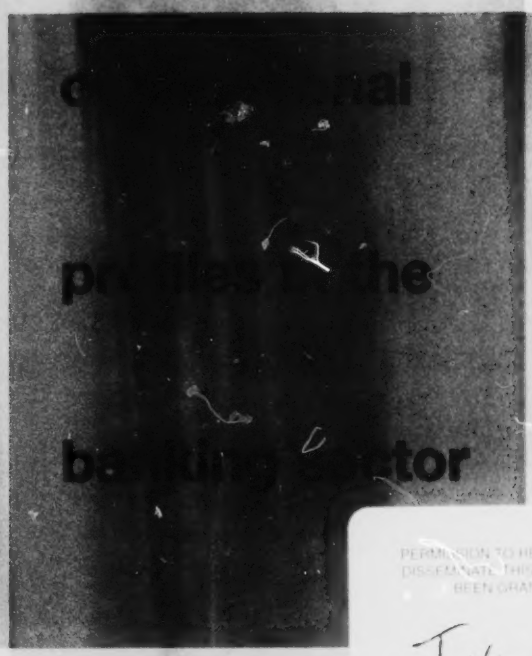

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Case studies in Luxembourg the Netherlands, the United Kingdom and France

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The impact of new technologies on occupational profiles in the banking sector

Case studies in Luxembourg, the Netherlands, the United Kingdom and France

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CEDEFOP Preface

Over the past 20 years we have witnessed important technological changes brought about by the rapid development and greater deployment of information and communication technologies. This trend is modifying work, the structure of qualifications and the organisation of companies, provoking substantial changes in the labour market and in society as a whole.

The modernisation of financial markets has also transformed recruitment and training strategies. Over a number of years, the banking sector has undergone a reorganisation process requiring efforts to adapt in the areas of recruitment, training and personnel policy.

Since the mid-70s and particularly the first half of the 80s, financial services have had to meet the challenges of intense competition and a rapid change in the markets. These changes have transformed the sector into a much dynamic environment. This structural change is attributable to a variety of factors, in particular, the internationalisation of financial markets, the deregulation of the banking sector, a reduction in intermediaries, increased saturation of the market, the diversification of financial products and technological changes.

This change has had its greatest impact at the place of work. New functions are emerging, banking operations are multiplying; electronic banking is expanding; the home bank is emerging thanks to the Internet. Innovation is rampant. Work organisation is changing: financial institutions are increasingly abandoning the traditional models of the organisation of work, they are simplifying their hierarchical structure, delegating responsibilities at all levels and ensuring the participation of all their employees in the innovation process.

This causes the content of various professions to change; individuals need more knowledge and an increasing number of skills to accomplish increasingly complex tasks.

Among the initiatives supported by Ciretoq, the network on trends in the development of occupations and qualifications, particular importance has been attached to the impact of change on skills and occupational profiles caused by the information society.

This study, which covers France, Luxembourg, the Netherlands and the United Kingdom attempts to identify new technologies introduced in banks, the change in existing occupational profiles and - in addition to the new occupations emerging as a result of this change - the changes in qualifications and the training systems ability to adapt to such changes.

To respond to these issues, we have focused research on several banks which differ in terms of organisation and the application of information and communication technologies.

The study, carried out on behalf of CEDEFOP, was done in co-operation with the National Institute for Continuing Vocational Training (INFPC), the Institute of Applied Social Sciences (ITS), the Qualifications Curriculum Authority (QCA) and the Organisation "Entreprise et Personnel". The report was drafted by the following working group:

- Laurence Vitali, Luxembourg report
- John Warmerdam, Dutch report
- Alison Matthews, UK report
- Janine Freiche, French report.

Mara Brugia
Project Co-ordinator

Stavros Stavrou
Deputy Director

1. INTRODUCTION

1.1 The issue

As reported by the media, events in the economic and financial world are constantly changing. This project, therefore, is highly topical, partly because it covers a sector that employs a sizeable proportion of Europe's working population and partly because this sector has been thrown into the deep end with the advent of new technologies.

It should be pointed out here that the changes affect the whole banking environment, due to many factors such as:

- more intense competition from abroad, marked by a fierce struggle to acquire, retain or reinforce competitive advantages. This trend is taking the form of constant efforts to bring costs down while consolidating the quality of service offered;
- relocation: the aim of reducing costs, in particular wage bills, has resulted either in the transfer of whole sets of activities, even enterprises, to countries where labour costs are substantially lower, or in recourse to sub-contractors. These forms of relocation have of course been made possible by the advent of new technologies, in this case by the phenomenal acceleration in the transmission of information and a reduction in its cost.

Communication distances and costs have now been virtually reduced to nil by the Internet, making information accessible to a growing number of individuals: today anyone who has installed the appropriate equipment can communicate with anyone else at minimal cost.

This basic fact, however simple, means that recourse to a whole series of "human links" in the chain of banking activities is no longer justified. And this is only one expression of an even more radical change.

As we progressed in our study, we found that – with all the upheavals in the economic and financial world and with the arrival of new technologies – it is the role of each link in this chain which needed to be reconsidered. In this delicate transition phase, companies and, in this case, banks, have to rethink their strategies from scratch and adapt their organisation accordingly.

1.2 The aim of the study

The focus of the project is on developments in the banking sector. The main research questions are:

- Which new IC technology is actually introduced in banks? What are the reasons for applying new IC technology?
- Which changes in occupational profiles occur with the introduction of new IC technology? Which new occupational profiles arise?

- Which changes in qualifications take place? Which new types of qualifications become necessary?
- What is the role of training in coping with the changes? What does the human resource department contribute?

In order to answer these questions banks have been studied in the banking sector in Luxembourg, France, England and The Netherlands. In each of these countries three banks with varying characteristics in terms of type of organisation and application of IC technology were analysed.

1.3 The Study

Four institutes from different European countries took part in the project; the national institute for the development of continuing vocational training (INFPC), Luxembourg, the Institute "Entreprise et Personnel", Paris, France, The Qualifications and Curriculum Authority (QCA), London and the Institute for Applied Social Sciences (ITS), the Netherlands.

The representatives of the four countries agreed upon which working methods to apply. In each country the analysis focused on three types of banks:

- a merchant or Eurobank
- a "counter" or universal bank
- a telebank, one which operates solely via computer or telephone[5] .

These banks have different characteristics in terms of organisation and application of information and communication technologies. In most of these information, was obtained through interviews with:

- the general directors, who usually define the broad strategies of the company and the directors responsible for new technologies (purchase and management of new technologies, impact on the organisation of the company, etc.)
- the directors of manpower resources, in charge of seeking, recruiting and managing staff who must deal with the introduction of new technologies.

We should like to point out that all the partners in the project have on occasion come up against a number of difficulties in obtaining information, especially statistics, from individual banks. Some were unable to obtain specific information on the development of individual jobs, or even on general job categories, etc.

As we explain later on, the information that we hoped to gather on as broad and comprehensive scale as possible is very sensitive: it concerns the future of banks in general as well as the structure, content and number of jobs in particular. This is the reason why, even though the people we contacted were initially very willing to help us – and remained so – some of them seemed somewhat reluctant to give us strategic information, especially on commercial policy and on their policy for human resources, or perhaps that they themselves were finding it hard to obtain information from others.

[5] This type of bank does not exist inn Luxembourg, the study for this country only covers the other two types.

On occasion we even had the impression that the role and place of new technologies in the workplace and their impact on strategy in general had not yet really been thought through in detail, and that this was the reason for the difficulty in passing on innovatory information.

1.4 The new technologies

We are very much indebted to a document produced by the Association nationale des Dirigeants et Cadres de la fonction "Personnel" en France (ANDCP – the national association of personnel managers and executives in France) in stating what we see as being covered by the concept of "new technology", in that our research has taken electronic communications as its focal area.

New information and communications technologies – what are they?

Modem card: a card that connects the computer to the telephone system so that data can be transported from one computer to another.

CD-ROM: a vinyl compact disk containing multimedia information. It has massive storage capacity and can be read but not written to; most CD-ROMs use the hypertext function to navigate from one piece of information to another. It is particularly suitable for the storage, display and retrieval of encyclopaedic-type information.

Client/server server architecture: a system whereby data can be forwarded for decentralised processing. The data is stored at a central level (the server) or distributed to regional or local levels, and can be processed by the user terminal.

Data encryption: a method of protecting data against unauthorised access.

EDI: electronic data interchange – a common language via which files and data are transferred from a user to a recipient.

EDM: electronic document management. This is a system for the storage, classification and management of all a company's documents (photographic paper, film, etc.) on a magnetic medium or a CD-ROM.

Groupware: a suite of application software that is transmitted over a network and includes various tools such as database access, electronic mail, file transfer and workflow management. It can be used by people physically remote from each other or whose working schedules do not coincide to collaborate on a job, for instance by working on the same file.

Internet: the Internet is a world-wide network that can be used by computers of different capacity and design to communicate among themselves (through the use of common protocols). The Internet offers many types of service: search for information in databases, electronic mail, file transfer, fora where those interested in a particular topic can "meet", "home" pages on the screen in which a company or service presents itself (commonly known as "Web pages") and so on. Internet access providers may also offer a number of services, such as topical news or press articles.

Electronic mail: a system whereby a user linked to a network can exchange messages either in real time or by leaving them in an electronic post-box until the addressee wishes to pick them up. Aids such as standard message forms and automated storage are available.

Multimedia: an integrated collection of computer-based text, still and moving images and sound (words and music).

The Web (WWW): short for the World Wide Web – an information retrieval service on the Internet providing organised access to a large universe of information.

2. LUXEMBOURG

2.1 Basic data on the banking market

2.1.1 Structure of employment in banking

The banking market is in the forefront of the country's economy, especially in terms of the number of jobs it provides.

In September 1997 Luxembourg had 217 banks, employing a total of 18 839 people. If investment funds are included in this sector, the number of jobs provided by financial establishments totals 21090. It should be pointed out, however, that non-Luxembourgers account for over 60% of those employed. Luxembourg makes extensive use of foreign workers, especially what is known as "frontier labour" (from the greater German and French Belgian region), in other words people who work inside Luxembourg but live outside.

Looking at the employment situation between 1991 and September 1997, we find that although the number of banks has fallen slightly since 1994 (222 in 1994, compared with 217 today), the overall number of people they employ has increased, albeit by no more than 1% since the start of the current year.

It should be noted, however, that recruitment figures are not the same for managerial posts (which are not covered by a collective agreement) as for clerical staff (who are).

In 1996, for example, the there was a 16.7% growth in the number of management posts (see table), compared to only 1% for clerical staff.[5]

In 1997, on the other hand, the trend in management posts was negative, whereas it was close to 1.5% for clerical staff. Overall, however, the trend is still positive.

With regard to the overall financial growth in the banking sector, there was a 5% rise in 1996. One of the reasons was the continuing good performance of commission-derived revenue. The second factor in banking income, however, the interest margin, rose more slowly.[6]

The Luxembourg banking market is resolutely international-minded given the smallness of the national market – as of 1 January 1997, the total population was 418 300.

Other factors, however, add to the attraction of the Luxembourg banking world:

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[5] Information from the quarterly report of the Luxembourg Monetary Institute, September 1997

[6] Information from the 1996 report by Statec on the Luxembourg economy

a) the country enjoys a remarkable degree of political and economic stability as well as cultural and language diversity due to the presence of many foreigners in its population, making it an ideal place for the conduct of banking at an international level;

b) the country enjoys an international reputation for its expertise in banking;

c) Luxembourg law provides for the freedom of capital movements (bank secrecy) except in three very specific cases:
   - crime;
   - suspected tax fraud;
   - inheritance.

In other words, a bank is forbidden to disclose information on the identity of an account-holder except in those three cases;

d) interest derived from a Luxembourg source is not liable to taxation at source in Luxembourg, something that is seen as a considerable advantage.

These special features place Luxembourg in an excellent position for the development of banking, especially "private banking", which is continuing to boom: today more than two-thirds of the country's 200 or so banks are members of the *Association des Banques et Banquiers luxembourgeois*, ABBL, a professional association set up to uphold and promote its members' professional interests.

There has also been a revival in the Euromarkets and in investment funds.

The banking market is structured as follows:

The category of "general clearing banks", which we shall also call commercial banks, is dominated by three Luxembourg banks, the two largest of which together account for 23% of the total number of people employed in Luxembourg banks. One of these is 44% owned by a leading Belgian bank. The third largest Luxembourg bank is the subsidiary of a major Belgian bank.[7]
It is this type of bank which is the "largest consumer of labour". The leading merchant bank comes only in seventh place,[8] employing only 0.02% of the number of people working in banking.

On the other hand, the merchant bank category has the largest number of banks, although they employ far smaller staffs than do commercial banks – over 10% of this type of bank has a staff of no more than ten.

2.1.2 New technologies in Luxembourg banking

It has not been possible to obtain a study on the use of new technologies in banking in Luxembourg.

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[7] Information from the quarterly report of the Luxembourg Monetary Institute, September 1997
[8] Information from the quarterly report of the Luxembourg Monetary Institute, June 1997

We have therefore preferred not to extrapolate from the data supplied by the two banks that agreed to take part in the study in order to describe the Luxembourg banking scene in general.
It could reasonably be stated, however, that at this point in time the use of new technologies is less advanced than in the other countries taking part in the study. Not all Luxembourg banks necessarily have an Internet site, although in general they plan to have one.

How has this situation arisen? There are two possible explanations:

- Because Luxembourg banks are relatively smaller than their counterparts in the rest of Europe – the largest bank in Luxembourg has a staff of 1948 – they are unable to make economies of scale so easily as larger companies, for example when setting up networks or producing a CD-ROM to train their staff. Decisions on the installation and use of tools from the field of new technologies are harder to take, because of the cost and very often the complexity of those tools and the need for constant updating to keep abreast of technological change. Decisions may also have to be taken jointly with partners in companies in the same or complementary sectors who are facing the same problems in order to arrive at a measure of synergy.
- Banks in other European countries, moreover, have often been affected earlier or more overwhelmingly by the economic crisis, which has forced them to rethink their strategies in order to remain competitive. In new technologies they found a way of reducing a number of costs, increasing the efficiency of services without detracting from their quality.

New technology, therefore, has been in use in banks in other countries for a far longer time, as the reader will note in particular from the studies conducted in The Netherlands and the United Kingdom. One observation to be made is that, when seeking the most effective and least costly means of responding to the customer's needs, the challenge is to the bank's strategy as a whole.

2.2 Interviews

2.2.1 Case-study 1

2.2.1.1 Nature of the bank

This is a long-established general clearing bank which occupies a leading position on the Luxembourg market, employing a large staff both in its many branches throughout the country and outside Luxembourg, where it has one branch, one subsidiary and three representative offices, including one in Hong Kong.

2.2.1.2 Principal activities

a) Commercial banking

- all traditional banking business (current transactions, savings, credit, etc.) – retail clientele plus businesses
  491 people work on these activities

b) Private banking and legal advisory services

- investment management
- legal services to businesses and individuals related to the domiciliation and installation of structures, etc.

219 people work on these activities

c) Trading floor

- money markets
- share and investment markets
- derivatives

138 people work on these activities

d) Securities and investment funds

- domiciliation and administration of investment funds and securities management

236 people work on these activities

2.2.1.3 Bank staff

The average age of the staff is 35.5. It is interesting to note that the balance of males and females is more or less equal in posts covered by the collective agreement (50%-50%), whereas the proportion alters radically to 93% males to 7% females in posts not covered by that agreement (equivalent to the middle management "cadres" in France).

The proportion of people working part-time is no more than 7%, and such work includes various arrangements (three-quarters and four-fifths of working hours, spread over four or five days, etc.). It should be pointed out that essentially it is women who work part-time, and they do not in general have posts entailing a high level of responsibility (they work, for example, on data input and secretarial work).

At present, no employee is engaged on teleworking.

The bank is continuing to recruit new staff, especially in the field of "computing and new technologies", to prepare for and manage the developments that will be taking place over the next few years. A point of note is that the new recruits being taken on have higher and higher levels of qualification.

Computing has a horizontal role in that every other department makes use to a greater or less degree of computer hardware or tools based on new technologies. The members of the computing department have to ensure that these tools can be used by all staff as easily and effectively as possible.

Another area of work that is calling for an increased number of skilled staff is "private banking". This is because there has been a considerable expansion in such work within the bank, which is now reinforcing the staff in this highly competitive branch in order to offer the best possible service. It already has very broad expertise in the field.

In general, it would appear that the bank looks for higher qualifications when recruiting for a post than it did five years ago: today what it seeks in a member of the staff is more multi-skilling, the ability to learn and work independently and a sense of responsibility, besides technical skills.

2.2.1.4 Use of new technologies

The objective:

To offer the best possible service at the lowest price to the customer in the most reliable and confidential manner possible. It is this latter aspect that is still somewhat hampering an expansion in the use of the Internet to perform certain transactions pending the acquisition of more reliable data encryption facilities.

The bank has a planning cell consisting of a number of experts in computing who look at NT-based tools and the benefits they might contribute to the bank, the constraints they would impose and the changes they would entail in the bank.

At present, the bank uses the following tools:

- network communications
- ISDN communications
- relational databases
- client/server systems
- CD-ROMs
- scanners
- data encryption devices
- modems
- the Internet network and an Intranet network. Only a few computers for the consultation and use of the Internet are accessible in the bank, but their number is due to be increased.
- a home page

Through use of these technologies, the bank is now in a position to offer new services to its customers.

One service for individual customers is "phone banking". An individual can use a telephone and secret password – by the transmission of digital pulses – to perform any current transactions by computerised means, which is less time-consuming than handling business on paper.

This service also exists for businesses under the name of "Multiline". It requires the use of a modem and computer.

These services save customers' time by eliminating the need to visit the branch in person for this type of transaction, as well as relieving some of the clerical workers from processing this type of purely "back office" type of transaction with lesser added value, leaving them free for other activities.

The bank encourages its customers to take advantage of these facilities so that they will call into their branch only when questions arise requiring personal advice, thus strengthening personal relationships between the customer and the bank.
There is a growing trend on the banking market towards the purchase of existing software than the internal development of tools, which is time-consuming and expensive.

2.2.1.5 New job profiles and new qualifications required

In terms of human resources, the aim of introducing new technologies is to relieve the staff of repetitive administrative tasks, which are assigned to a machine that will carry them out far faster and at lower cost.

To stand out against the competition, therefore, an ever more highly skilled and effective commercial workforce is needed. There has, then, been a shift away from purely administrative tasks and towards those with a greater commercial content, especially in the case of back office staff.

In April 1997, the ratio of commercial to back office activities was 40%:60%. This ratio is expected to be reversed.

The emphasis is now on the provision of advice, on the know-how that the bank can place at its customers' service. To meet all these needs, staff are expected to be more flexible, adaptable and versatile in their skills. The bank employee of the future will need more strings to his bow. New posts should be created in the computing department, especially for work on the mainframe computer but also as a result of the expansion in the computer applications being used, as already discussed.

2.2.1.6 Jobs observed

We have chosen to observe the jobs for which the use of new technologies would open up fresh prospects without impoverishing the tasks performed.

The bank has job descriptions for management staff not covered by the collective agreement, but these descriptions – developed with the help of an outside consultant – are confidential.

As regards the posts covered by the collective agreement, the bank takes as its basis the descriptions of reference posts in the banking sector in Luxembourg drawn up by groups of experts for ABBL and the banking trade union federation.

The job descriptions cover the main objective, the main tasks, responsibilities and the end results.

We based our research on these activities in order to identify the skills for which they call.

- **Private banking portfolio manager**

Main objective of the post

To administer the portfolios of customers who have assigned responsibility to the bank for their professional management within the framework of the bank's investment policy, in the light of targets specified by the customers (yield, growth, etc.).

Tasks, main responsibilities and end results

- Effectively administer the portfolios which the bank has been asked to manage in order to meet the criteria agreed with the customers (yield, growth, etc.), and in keeping with the bank's own general investment policy.
- Keep constantly abreast of trends on investment markets so that the bank's investment policy can be intelligently applied and so that the investments made can be justified in the light of the mandate.
- Keep the customer informed regularly or on request as to the progress of his portfolio, by telephone, during appointments at the bank or meetings outside and, where appropriate, justify the investments made in the light of the mandate, if the bank organisation so prescribes.

Knowledge

Be familiar with:

- the range of products available
- the tax status of individuals
- financial economics
- savings products
- bank services
- drafting techniques
- banking law
- financial mathematics
- new information facilities

Expertise

Be capable of:

- handling portfolio management tools suited to the objective pursued
- appreciating the risk and profitability of different investment opportunities
- arranging for the implementation of the technical and administrative transactions entailed in these operations
- through analysis of an economic situation, anticipating developments that will be beneficial to financial transactions

- conducting searches on all existing communications media, including the Internet, and making use of the information obtained from specialists and/or financial documents
- developing an effective sales argument
- understanding the customer's needs and adapting the transaction to the investor's profile
- shaping and informing the network through direct contact or the writing of documents or circulars

Performance

Display:
- receptiveness and openness
- an ability to listen
- interpersonal skills
- entrepreneurial ability
- dynamism
- a sense of responsibility
- a spirit of initiative
- the ability to anticipate
- a sense of organisation
- creativity
- the capacity to persuade
- an analytical mind
- openness to change
- resistance to stress

It seems that while the job still calls for purely technical skills - and that such skills must be more "honed" as the products offered have an ever shorter life cycle and are becoming ever more complex - it is essentially in terms of know-how that the job is evolving. It requires adaptability, the development of an ability to relate to clientele, openness and greater creativity in making proposals to customers.

It is in fact in the dimension of "quality of service to the customer" that the bank intends to demonstrate its superiority over the competition, which is the reason for attaching importance to the interpersonal relationship with customers and to satisfying their needs.

The role of new technologies

- through the use of Internet/Intranet, crucial information can be obtained on products available on the market and the explanations can be better geared to the client;
- the Internet has removed geographical barriers, opening fresh prospects and a far broader range of potential clientele. This is increasing the need to adapt to different mentalities and horizons.

- **Market analyst/marketing department**

Main objective

To produce full information on markets which may be of use to Sales Management in taking decisions in commercial fields.

Tasks, main responsibilities and end results

- Through external analysis of the national and regional markets, find and provide information on: bank clientele opportunities, products and services, competitors' advertising and promotion, the needs, expectations and outlets, respective market shares, comparative images of banks, distribution systems, terms and rates of charges, etc., in order to identify and target potential customers, clarify the bank's own position and provide guidance to its Directorate when it makes decisions within the framework of its commercial policy.
- Through internal analysis of the bank's clientele, clarify the trends in significant commercial segments (origin and use of products, etc.) in order to ascertain the impact of promotional efforts and enable Sales Management to react accordingly.
- Produce documents designed to project a global image of the bank (trends in clienteles, the relative position of the bank, market shares, etc.), to help with decision-making when setting objectives and discussing budgets.
- In order to conduct this work, manage a network of contacts and sources of information, organise and implement the production of market surveys, and be able to provide the Directorate and Sales Department concerned with any commercial information requested in an immediately usable form.

Knowledge

Be familiar with:

- marketing techniques
- the range of products offered
- financial economics
- savings products
- bank services
- products and services on the international scene
- business law
- banking law
- financial analysis
- management
- new information facilities

Expertise

Be capable of:

- collating and interpreting internal and external information (by recourse to various sources, including the Internet) related to the market for the product and its economic and cultural environment, so that the bank can position itself on the market by comparison with its competitors
- proposing product marketing plans: target groups, information campaigns, sales arguments, promotions
- designing promotional backing, using the most suitable media
- preparing the budgets for promotions
- conducting and leading the work of internal and external departments as regards the life of products
- anticipating market needs with a view to creating of the tools to meet those needs
- co-operating with the development and refining of new products
- assisting the commercial department with sales strategy and producing the product sales arguments; assisting them in their work

Performance

Display:

- autonomy
- a spirit of initiative
- pragmatism
- the ability to anticipate
- creativity
- openness to change
- an analytical mind
- empathy

The role of new technologies

- expansion in the flow of information available
- broader distribution of the products available = an increase in potential clientele

2.2.1.7 The role of the Human Resources department

The role of this department within the bank consists in essence of adapting job descriptions to the prerequisites for the effective use of new technologies and ensuring that those prerequisites are borne in mind at the time of recruiting new staff.

2.2.1.8 The role of the Training department

This department works in direct liaison with the Human Resources department, analysing the training needs in each individual department and proposing the content of training, according to the skills that need to be maintained, updated or improved.

Depending on the subjects, training may be:
- internal (in-house training)
- external (attendance of seminars)

It also considers the use of new technologies in training jobs to determine how they could be used effectively and profitably while reaching a broad target group (for example, in the form of a training CD-ROM). Through the information that can be accessed on the Internet, the department may extend its information on the supply of training.

2.2.2 Case-study 2

2.2.2.1 Nature of the bank

This is a merchant bank that is a subsidiary of a leading foreign bank. It has been established in Luxembourg since December 1988. It has subsidiaries throughout the world, in particular in North and South America, south-east Asia and Oceania.

2.2.2.2 Principal activities

a) Private banking

b) Investment funds

2.2.2.3 Bank staff

The bank now employs a staff of 70, with a steady growth since the start of activities. Their average age of staff is 29-30.

The proportion of men to women is roughly equal among clerical staff, while there is a clearly higher proportion of men in posts with a high level of responsibility. Nevertheless, this tendency has been changing slightly.

Only three out of the 70 staff members work part-time, i.e. three or four-fifths of normal working hours. These are in the "accounting" and "internal audit and securities" departments.
There is no teleworking in the subsidiary.

At present, the percentage allocation of staff is as follows:
- 11% of staff work on "private banking"
- 10% of staff work on investment funds

Private banking is the area for which the largest number of new staff has been recruited recently. This is an activity which, according to certain experts, is likely to increase substantially over the next few years.

It should also be pointed out that 15% of present staff work on back office tasks (the implementation of instructions).

The computing department alone accounts for 9% of the staff; this percentage has been rising since last year (over 50% growth in the number of jobs). The Human Resources department itself has four people, i.e. almost 6% of the staff.

2.2.2.4 Use of new technologies

The bank has become fully aware of the benefits available through the use of new technologies and it is in the course of incorporating them into the life of the subsidiary, while also taking advantage of the infrastructure already set up in the head office, which is outside Luxembourg.

The objective

For the bank, especially with the keen competition on this market segment, the aim is to acquire more competitive edge by becoming more productive and improving the quality of service, as well as the level, cost and quality of the message conveyed.

At present the bank uses the following new technologies:

- networked communications
- groupware
- relational databases
- ISDN communications
- satellite communications, indirectly through the parent company, which passes through the telecommunications company in the parent company's country
- modem
- computer-aided design (CAD) and simulators
- voice recognition
- external databases
- the Internet (only a few computers are connected to the Internet; since access to certain data is restricted to certain people, including the department staff).

How are decisions reached on the purchase of or recourse to new technologies?

A planning cell with representatives of different departments, including the computing and commercial departments, meets every three months to discuss the new technology situation and provide the General Management with the tools it will need to reach decisions in the light of its strategic objectives.
It is in fact the General Management which takes final decisions, based on a budget proposal prepared by the computing department, setting out profit projections.

2.2.2.5 New job profiles and new qualifications required

For the time being, the use of new technologies has not brought about a fundamental change in the nature of work. There is also a notable enrichment in job content, calling for greater autonomy, creativity and responsibility.

2.2.2.6 Job observed

Job descriptions have been produced as part of a project conducted with a leading consultant. We have chosen to restrict our observations to an example directly related to the acquisition and use of new technologies, which gives a representative view of the situation.
First of all, this is a horizontal-type job in that the tools used by the person in this position concern the bank as a whole.

Secondly, the innovations it presents in terms of skills illustrate a trend that is fairly clearly apparent in other jobs.

- **Network Manager**

  The main aim of the post

  The development, installation and maintenance of the information technology system.

  Main activities

  - Managing the network, installing software and software applications and connections to other systems; ensuring that the appropriate versions of software are operating so that staff can work as efficiently as possible.
  - Ensuring that security measures are adopted that are appropriate to the risks; issuing recommendations for continuing improvement and adaptation to any new situation.
  - Providing support to all PC network users, i.e. a help desk covering the use of all the software installed and maintenance of the hardware in order to solve problems and train users to find their own solutions to difficulties.
  - Conducting systematic research and obtaining advice on ways of reinforcing the system or applications installed to ensure that they are operating efficiently; supervising the development and installation of improvements decided upon in order to harmonise and optimise the use of PCs.
  - Obtaining budget approval for all investments in PC network equipment
  - Verifying the budget and making recommendations on investment to ensure that adequate resources are available to meet the anticipated capacity needs.
  - Representing other staff members in the Information Technology department; arranging for the training of staff in this department, in particular the assistant to the holder of the above post.

Expertise and experience

a) essential

- excellent practical knowledge of all the hardware and software installed in the bank and of the options available on the market
- a grasp of the essential problems arising in the subsidiary's work
- ability to organise and plan priorities

b) desirable

- fluency in English and French
- experience in supervision

c) an additional advantage

- formal qualifications in the operational management of information technology in small systems and networks

The post-holder must therefore have:

- very broad and sound technical knowledge
- the capacity to learn very fast (in order to master immediately any new function in the information technology sector that might be of benefit in the management of the network)
- a high level of creativity, in order to find original solutions to a given situation
- excellent ability to manage people and to work as a team
- a marked ability to communicate and to train other people
- resistance to stress
- readiness to acquire new skills

It should be noted that in addition to this technical knowledge and skills the holder should have very many "key" skills that must be combined with technical skills. For example, someone who learns new techniques with ease but in practice is unable to train others in those techniques could not perform the job described in a satisfactory manner.

The role of new technologies

The technologies that the holder of the job needs to administer are very broad, ranging from hardware management itself to the management of staff and the search for new paths for the future.

Today there is far more scope for creativity than in the past. The post-holder must find in himself or herself the resources needed in solving the problems that, for example, arise with any new event occurring on the network that might detract from its effectiveness.

2.2.2.7 The role of the Human Resources department

This department, of which training is an integral part, has also been augmented.

Its staff is in constant contact with the staff dealing with information technology in order to take account of new activities and skills required in a job and to bear these factors in mind in:

- recruitment, especially in considering the applicant's personality in terms of the new attitudes and mentality required
- the updating of job descriptions, which is also taken into account when evaluating the post-holder during the assessment interview
- proposing training for staff to ensure that they can cope with the tasks they have to do

This item does not concern either of the two banks in particular, but we thought it would be of interest to look at the current content of job that might be threatened by the use of new technologies.

2.3 An example of a job at risk from new technologies: Secretary-Typist

The main aim of the post

Typing work for the department, various data input and filing tasks.

Main tasks, responsibilities and end results

- typing notices and statements not produced by automated systems, as well as various reports
- keying database information into the various systems of communications used
- making a monthly summary of the entries still open in internal accounts
- updating internal accounts and filing entries that have been completed
- various filing tasks

Expertise

Be capable of:
- computer input of data, typing and layout of documents, most of them word processed
- providing information to other departments and/or customers on this field

Performance

Display:
- ability to work independently
- method

- willingness
- the ability to work as part of a team
- respect for confidentiality

The role of new technologies

New technologies such as very sophisticated software are a threat to the main tasks done by a less skilled secretary.

Since the arrival on the market of high-performance software designed to make the user's work far easier, some people whose activities do not automatically include the typing of their own documents prefer nonetheless to type them, mainly because of the time saved when the document does not have to go back and forth between the member of staff (dictating or writing out the text) and the secretary/typist.

Text processing software can store every document that has been typed. Since many of those documents are repetitive, they can be retrieved from memory and only the new or amended text needs to be keyed in. Software also exists that will itself suggest the changes to be made.

Although the job of "secretary-typist" is unlikely to disappear overnight – machines cannot do everything, and there will always be people who will not want to type their texts themselves – the situation will change, or has already started to change in terms of number of jobs.

2.4 The role of the Luxembourg Bank Training Institute - (IFBL).

IFBL offers job integration training for university graduates, job placements to familiarise young baccalaureate-holders with the banking world and further training in banking practices for those who already have some experience in the field.
IFBL currently offers the following training on the subject of new technologies:

- personal computing: an overview and more advanced study
- specialisation in the main office technology applications
- the analysis and design of an information system; managing and setting up such a system

2.5 The views of a trade union

To obtain as comprehensive a view of the situation as possible, we asked a leading Luxembourg union with a large membership in the country, O-GBL, for its comments.

This union does not specialise in banking but defends the interests of workers in general.

In the banking sector there is a collective agreement for all employees not having managerial status. It is in this category that most union members are found.

The union feels that the banking sector in Luxembourg is not yet very advanced in its use of new technologies – it refers essentially to the Internet. It attributes this lack of commitment to the absence of a system that would provide absolute security and preserve the confidentiality of data. In the view of O-GBL:

- regarding information technology skills, wherever mainframe computing is concerned use should be made of young people with a diploma in the computing field: they have the most up-to-date knowledge and are better placed to keep pace with technological change;
- with regard to office technology (MS Office and common software applications), traditional training courses are being organised and will continue without changing the bank employment scenario;
- as for the software used for the processing of securities transactions, trading floor work, payment transfers, etc., this is a threat to a number of back office employees. The software does not as yet appear to be in widespread use in the banking sector, but will no doubt be far more common in two or three years' time.

For people already working in banking, training is generally organised to enable staff to acquire user techniques, but this training is strictly targeted to learning about the tool in question and does not enhance the skills of workers in the fields covered by the software.
The union considers that in future the emphasis will be more than ever on advice: front office jobs should not disappear – quite the contrary. The trend will be towards greater interfacing skills (relations between the customer and the bank staff), for example taking the form of greater openness of staff to customers and more precise targeting of the products that will match their needs.

Lastly, the union feels that that unions should be allowed to make use of new communications tools such as electronic mail within banks to provide their members with important information. This would be collated in a folder (displayed as an icon) that the addressee could click to see the latest information that the union thinks it appropriate to pass on to employees.

2.6 Conclusion

In the light of this study, it seems that the situation in Luxembourg should be considered from different viewpoints depending on whether it refers to a Luxembourg clearing bank or a merchant bank, especially one that is a subsidiary of a foreign bank whose strategic and marketing policy might originate in the head office.

New technologies are included in bank policy, but there are still certain reservations as to the use of some technologies – as already pointed out, having regard to the subject of confidentiality, which is currently preventing more intensive use.

The existing situation for banking in Luxembourg differs from that in other countries for the reasons set out in the introduction (legislative situation, specific economic factors).

It would be very interesting to take a further look at the situation in a few years' time, in the light of the lessons to be learned from this study, to find out how far the new technologies – which

should have become firmly established in Luxembourg banking in the space of five years – have in fact altered the job situation.

In conclusion, it should be pointed out that in Luxembourg, perhaps even more than elsewhere, the future of banks is crucial to the country, in view of the leading position occupied by this sector in the local and international economy.

3. THE NETHERLANDS

3.1 General characteristics of the Dutch banking sector

In this paragraph, before going on to describe the cases, we will give some general information about the Dutch banking sector. In particular, we will focus on the nature of the market, the scale and structure of employment and the types of new technology which are actually being introduced in banks.

3.1.1 Trends on the market

The Dutch market for financial services is characterised by a strong oligopolistic supply-side structure. For years the financial sector has been dominated by three very large financial conglomerates, which offer the whole range of financial products and which are in fierce competition with each other for the custom of the private consumer. All three companies are Dutch of origin, but are now global players. One of them was the result of a merger of two of the biggest Dutch commercial banks. The second resulted from a merger between the privatised Dutch postal bank with a large Dutch insurance company. The third one is a combination of the largest Dutch retail bank with another large Dutch insurance company. Each of these companies covers the total area of The Netherlands with a large distribution network of regional and local offices. Each of them practices the 'all finance' concept, in the sense that they combine the three major types of financial services: banking, insurance and securities; within these subsectors they offer all types of financial products. Apart from them, there are only some smaller banks and insurance companies and a number of 'niche players' active on the Dutch market.

There is a number of trends which actually have large influence on the development of employment, occupational structures and qualifications in the Dutch financial services sector[9].

- First, there is the growing volume of sales, which is a consequence of the booming Dutch economy, the growing volume of consumer savings and spending and the growing tendency of private consumers to formally enter more exclusive financial markets (e.g. securities).
- Second, there is the growing differentiation of financial products in all branches of the sector. Savings, loans, insurance, share portfolios, pension schemes - all these products, which were formally offered in a rather uniform, standardised way, are now offered in a multitude of types and forms, carefully geared to specific target groups. New products, new combinations of products and new financial services have been developed.
- Third, there is strategy of many banks to shift their income bases towards branches with a higher added value, especially merchant, investment and securities banking. This implies that more and more of their earnings come from services instead of savings and that the corresponding departments within their organisations become more important.

[9] Cf. for example Vos and Buitelaar, 1996; Van der Kamp and Van Klaveren, 1995; Warmerdam and Van den Berg, 1992

- Fourth, the mergers and take-overs which have taken place in the last decade are very important for the employment structure. Firstly, there was a number of large mergers between companies in the banking sector itself. Secondly, a number of these banks merged with companies in the insurance sector. At the moment, there are already many 'bank/insurance' companies and this merger trend is still going on. In many cases, mergers are followed by reorganisation of company structures and production processes.
- Fifth, there is the application of new information and communication technology. This trend has been under way since the mid-seventies, when the banks began to automate their back-office processes. It received new impetus in the nineties with the combination of computer and communications technology. ICT technology is expected to have major consequences for the financial services themselves and the processes within the financial institutions, and as a consequence for employment and jobs in the financial sector.

These trends are by no means unique to The Netherlands. Comparative international research[10] has revealed that they also occur in other countries in Western Europe. However, in The Netherlands, they probably have differential effects, because of the highly oligopolistic character of the financial market.

We will come back to the subject of new technology in paragraph 3.1.3 First, in the next paragraph we will give some data about the scale and structure of employment in the Dutch financial sector.

3.1.2 Scale and structure of employment

Table 1 gives an overview of the development of employment in the Dutch financial sector between 1994 and 1997. Statistics are given for the numbers of persons working in banks, insurance companies, pension funds and a category called 'other financial institutions' (security traders, financial consultants, etc.). The figures make clear that employment is growing in financial institutions, despite automation, mergers and take-overs, reorganisations and efficiency operations. The economic upheaval in The Netherlands is credited with this growth. Since a brief recession in 1991-1993 the Dutch economy has been growing rapidly. Moreover, in recent years the effect of a cut in the working week to 36 hours appears to have been reflected in the figures.

Table 1 - Number of employees in financial services 1994-1996

1994	1995	1996
209.000	218.000	231.000

Source: Dutch bureau of census: Annual overviews, 1994-1996

As Table 2 demonstrates, female workers are strongly represented in the financial sector. In 1996 about 45 percent of all employees were women. Figure 3 shows that women are over-represented in part-time jobs. Most part-time jobs are 'large' part-time jobs, i.e. between 20 and 34 hours per week. Only a small proportion of the employees have a 'small' part-time job of less than 20 hours per week. All of them are women. The number of flexible workers is rather small, as figure 4 demonstrates. Only 5 percent of all contract workers are employed on a temporary basis. The vast

[10] Cf. Bertrand and Noyelle, 1988; Bertrand, Grootings and Rombouts, 1995

majority have a fixed contract. There are no figures available for the division of temporary jobs between men and women. It is known, however, from earlier research that women are over-represented in lower qualified part-time jobs. These types of jobs are more often offered on a temporary basis.

The average number of working hours per week in 1994 was 36.2 hours. An important development took place in 1995, when, with the renewal of the Collective Labour Agreement for the banking sector, the social partners agreed to fix the standard working week at 36 hours. In The Netherlands, this agreement was generally considered a major breakthrough in the campaign for a reduction in working hours.

Table 2 - Number of employees by sex (in thousands)

	1995	1996
Male	129	132
Female	89	99
Total	218	231

Source: Dutch bureau of census, EBB 1995 and 1996

Table 3 - Number of employees by working hours (in thousands)

	1995	1996
12-19 hours per week		
total	5	9
men	-	-
women	5	9
20-34 hours per week		
total	35	44
men	7	8
women	28	36
35 hours or more		
total	177	178
men	122	124
women	55	54
Total number	218	231

Source: Dutch bureau of census, EBB 1995 and 1996

Table 4 - Number of employees by type of contract (in thousands)

	1995	1996
Fixed contract	197	205
Flexible contract	10	15
Total number of contract workers	207	220

Source: Dutch bureau of census, EBB 1995 and 1996

As shown in Table 5, the age structure of the workforce in the financial sector is gradually changing. As older workers leave the sector, younger ones come in. A growing proportion of workers is middle-aged, i.e. between 25 and 44. This trend is not only evident in the financial sector, but is typical for the Dutch labour market as a whole. It is largely a consequence of demographic factors, in particular the post-war baby boom.

Table 5 - Number of employees by age (in thousands)

	1995	1996
15-24 years	18	20
25-44 years	146	162
45-64 years	54	49
Total	218	226*

Source: Dutch bureau of census, EBB 1995 and 1996

Table 6 gives an overview of the level of education of the employees in the financial services sector. It is clear that less educated workers (basic and primary level education) are gradually replaced by more educated workers, especially those with secondary or higher level vocational education. So the overall level of education is rising. Partly, an effect of lower average age: older workers who leave the sector are often less qualified than the young ones who come in. But the trend may also reflect a need within companies for more qualified workers. For many jobs, companies do indeed demand higher qualifications from newcomers to the labour- market. It is difficult to assess, however, whether this rise in qualifications reflects a real upgrading of the content of the jobs. There may also be a labour-market effect in the sense that if enough persons with higher qualifications are available, recruiters can raise the standard and can put over-qualified people in a job for the same price.

Table 6 - Number of employees by level of education (in thousands)

	1995	1996
Basic education	6	-
Primary level general education	22	19
Primary level vocational education	11	9
Secondary level general education	30	32
Secondary level vocational education	89	100
Higher level vocational education	38	42
Universitary education	22	24
Total number	218	226*

* The total is 226 (and not 331) is on account of including 5000 new employees since 1996
Source: Dutch bureau of census, EBB 1995 and 1996

3.1.3 New technology

This paragraph gives a short description of the main applications of new information and communication technology in the Dutch banking sector. First of all, we look at the question of what exactly is meant by 'new information and communication technology'. In this project we take a broad view and define this new technology as 'all types of new systems which can be used for automated data processing and data transmission in a digitilised and computerised way'. The new systems will normally contain both hardware and software.

In a recent study on changes in the Dutch banking sector[11] a distinction is made between three types of computerisation in financial services, each of which has different implications for staff:

- First, it is argued, there is 'machine computerisation'. This involves the automation of administrative tasks in the sphere of the storage, retrieval, processing, transport and interchange of data. Equipment used are mainframe and mini-computers, computer terminals, personal computers and, more recently, computer networks. In the past, back-office work was particularly affected by this type of automation. Increasingly, however, front-office tasks are also becoming part of the systems. Generally, automation of this kind is part of wider projects aimed at an innovation of administrative processes.
- Second, there is 'service computerisation', which involves the introduction of cash points, pay machines, smart cards and, more recently, facilities for telebanking and Internet applications. This type of automation affects both back-office and front-office work. In many cases, the dividing line between the back and front-office becomes blurred and tends to fade away. Automation of this kind is generally part of a broader strategy of innovation in banking products.
- Third, there is knowledge computerisation, which involves among other things the introduction

[11] Cf Buitelaar and Bilderbeek (1992).

of decision support systems and expert systems. These are particularly used for client information services and more complicated tasks, like expert consultancy and advice on subjects such as larger credits, complex insurance, investment in stocks and shares, etc. This kind of automation especially affects the work of the banks' consultants and experts. It is often looked upon as a way of introducing innovation in the utilisation of the banks' human expertise.

This is a useful distinction for obtaining a first picture of what is happening in banks. But it is not sufficient for the purpose of this study because an essential feature of current automation in banks is its integrated character. In many banks the strategy of 'island automation', i.e. automation of specific processes or parts of processes in an isolated way, which was dominant in the seventies and eighties, has been replaced in the nineties by a strategy of 'integrated automation' through the introduction of computer networks. The different types of automation, distinguished above, become increasingly connected within electronic data-interchange networks.
So the network concept will be given a central place in this study. It concerns both information and communication technology. In broad terms, three types of networks can be distinguished in the larger Dutch banks:

- The network of a local bank, sometimes called a local area network (LAN). This is the connection of databases and automated systems within one bank location.
- The network of the bank organisation as a whole, the holding which over couples the local banks. This involves connections between local banks and the connection of local banks to a central computer centre.
- The systems connecting the networks of the bank with wider networks in the environment, like sectoral or national telecommunication networks such as Datanet, Internet, and cable networks.

The introduction of networks affects all parts and levels of the bank organisation. It is a process, we believe, which will have a considerable impact on all categories of staff in the coming years. The cases presented below illustrate this point.

3.2 Interviews

3.2.1 Case study 1: a small rural savings bank

3.2.1.1 Short description of the bank

The first case is a relatively small mortgage bank in a rural area. The bank sells the whole range of banking products, including insurance and shares/options. Around 60 percent of its customers are private customers and 40 percent are companies. It has a large market share in the sector of small and medium-sized enterprises and almost a monopoly in the agricultural sector. The main priorities in the bank's strategy for the future are the pension and life insurance market.

The bank employs about 40 employees, with an average age of 34 years. The average length of service of its employees is 10 years. Employment has been increasing slightly since 1992, in parallel with a slight increase in sales and profits.

Until recently the bank was organised into three departments: one for private consumer services, one for the company market and one for internal support staff, including financial administration and automation. Some years ago, the organisation was changed to make it more market-oriented. At the same time, functions and occupational profiles were adapted (see below).
The bank has no separate human resource department. Decisions concerning the recruitment, payment, training, dismissal, etc. of staff are made by the central director. The implementation of the decisions is delegated to department managers.

The bank has also no special IT department. However, within the internal support staff there is one specialist for automation and information services. He does no system development work, but is mainly concerned with management and maintenance of the available automated systems.

The bank is fully autonomous regarding its policy decisions, but associated with other banks within a larger banking association. This association has central organisations for new technology, organisation development and human resource policy. The bank has the opportunity to use the systems and instruments developed by these support centres to shape its own policy.

3.2.1.2 Implementation of new technology

The bank has been using network technology for some time now. In 1989 it bought its first local area network, mainly for administrative applications. This was a 'stand-alone' network for internal use and not connected with other networks. Within the larger banking association of which it is a part, the bank was one of the first to apply this technology.

In 1994, the bank took a new step in automation. Since then it has been following a path laid out by the IT support centre of the banking association. In the long term, this path leads to the full adjustment and integration of EDI services of the associated banks. The process is divided into three phases:

- first, the local banks get their own network server, which can be used both for office applications (Word, Excel, etc.) and the bank's administrative databases; from then on the bank can function as a network;
- secondly, this internal network is extended with an application giving the local bank the possibility to communicate with terminals and networks outside the bank, e.g. central support units, affiliated insurance companies and travel agencies;
- thirdly, the local banks each get their own client database, with a monthly update from the central computer centre; some data can even be updated on-line, 24 hours a day; this database can be used for analyses of customer information at the local level itself.

The bank studied was one of the first banks to complete the path, with the installation of the local client database in June 1995. At the moment, with the LAN servers, all terminals in the bank are connected within one system and are able to communicate with other terminals inside and outside the bank.

Two types of application in particular are developing more and more with the new technologies:

- applications for making proposals and contracts for customers, e.g. for saving accounts, loans, insurances, etc.; this is new work for the front-office 'customer consultants' (see below);
- applications for making analyses of customer information, e.g. to prepare customer visits, marketing actions, specific advice, etc.; this is work for the internal 'commercial support staff' (see below).

The bank does not develop new (software) applications itself. It buys them from external providers, in particular from the central IT support facility of the association. Actually, new applications in the sphere of insurance transactions receive a great deal of attention.

For bank management, there are two main reasons to stimulate the development of network technology: first, to make internal administrative operations more efficient and, second, to facilitate a more commercial way of working on the market.

3.2.1.3 New occupational profiles

Network technology facilitates a more commercial way of working. In order to be able work more commercially, the bank has also recently revised its organisational structure. Instead of the former division between a private consumer department, a company department and support staff, the organisation has been restructured by market segment. Now, there are three segments: one for standard banking services ('basic provisions'), one for more complex financial products ('financial advice') and one for more complex company banking services ('company consultancy group'). People working in these 'segments' are supported by 'internal commercial support staff', integrated within the segments.

This new structure gave rise to four new occupational profiles:

- the 'customer consultant', who deals with customers requesting the standard package of banking products in the sphere of payments, savings, loans, insurances, etc.;
- the 'mortgage consultant', who deals with questions concerning the financing of houses and products within and around the housing sector;
- the 'financial consultant', who handles the more complex financial questions of customers, like large credits, complex insurances, securities, etc.
- the 'company consultant', who is mainly active on the company market and deals with all types of questions concerning company financing, investments, share issues, etc.

As a consequence of the new technology and organisation, three types of jobs have disappeared or will disappear in the near future: cashier jobs, data-input jobs and counter jobs, particularly counter jobs involving cash transactions. Counter transactions are increasingly being replaced by automated transactions through cash-points, smart-cards and telebanking. For the moment, the bank still employs some counter employees. But in the near future they will be expected to find other jobs.

Moreover, because of the introduction of the new automated systems, the job profile of the commercial support staff will change. More than in the past, they will be working in the field of

market analysis and customer needs analysis. Tasks in the field of preparing and handling of transactions will diminish and largely be taken over by automated systems.

In order to specify the new occupational profiles, the bank uses job descriptions which have been developed by the HRM department of the larger bank association. These descriptions serve as guideline profiles, which the local banks are encouraged to apply. The descriptions specify the goal of the job, the results and performance indicators, the main products, the main activities, the qualification requirements in terms of knowledge, skills and attitudes and the job context. This context describes the expectations of the job from the viewpoint of middle management, the customer, central management, the job-holder, his/her near colleagues/consultants. As an example, we give an overview of the basic elements of the job profile and qualification requirements of the 'customer consultant' (see next page). To enter a job as a client consultant a certificate of medium level economic-administrative education is required.

3.2.1.4 Qualification requirements

The job profiles, such as the customer consultant profile, are a kind of ideal. We see that, especially in case of the commercial jobs, i.e. consultants, great store is placed on commercial and communicative qualifications. Moreover, medium-level vocational training is a minimum requirement for entering customer consultancy jobs. According to the bank's management, qualification standards have been changed (i.e. more commercial instead of administrative qualifications) and raised. Previously, a lower level general or vocational education was sufficient for the front-office jobs (counter work), but in future a medium-level vocational education will be an absolute minimum.

According to the bank's management, there is a shift towards a more commercial style of working. The number of commercial activities will increase. Commercial tasks will be organised in such a way that employees will not have the chance to fall back into their previous administrative routines. It is expected that in the long run not every employee will be able to keep up with this change. Perhaps, in the end, some people may have to leave the company. But for some years to come, all employees will get the chance to develop themselves by training and growing into their new functions.

Table 7: Elements of the job profile for a 'client consultant'

Goal: serving (potential) private customers with financial services in the field of standard needs
Results: - many customer contacts - high selling scores - profitable service for the bank
Main activities: - actively approaching customers to selling products/services directly - coaching customers in the use of electronic equipment for automated transactions - giving information and advice about complex standard products - identifying customers' needs and guiding them to other consultants
Knowledge and skills requirements: **knowledge of:** - basic financial needs - manifest-need situations - solutions for different customer needs - more complex needs (global knowledge)
skills: - ability to approach customers in appropriate ways - ability to assess customer needs and solutions - ability to assess non-basic needs and guide customers further
attitudes: - being oriented toward the customer - ability to articulate information - good presentation - being result-orientated - ability to cooperate - courage and initiative

3.2.1.5 The role of training

The bank's management highlights serious skills shortages among the staff, particularly concerning the consultancy functions. In the past employee training received little attention from

management; employees were not encouraged to participate in further training. At present, there are many people who do not meet the standards for the new jobs. They have only certificates of lower general education or even less.

The new bank director, who has been in his post for two years now, attaches more importance to training than his predecessors. His principle is that every staff member has to be trained as adequately as possible. He has started a process of qualification development in order to raise the employees' qualification levels. This process was spread over three stages:

- first, an analysis was made of the training needs of each employee, i.e. the training required to be able to work in the new, more commercial structure. An important goal of this step was also to make employees more conscious of the need for training; it was envisaged that otherwise some less-educated persons with less potential for training would fall out of the boat;
- secondly, some years are allowed to give every staff member the opportunity to raise his/her qualification level to the minimum standard of medium level economic-administrative vocational training (MEAO); some employees need to complete the whole course of study, others only need to acquire some applications. They can study at schools for regular vocational training;
- third, at the end of this stage of a general raising and broadening of qualifications, a start is made on analysing the special training needs in order to fully implement the new occupational profiles in the new market-oriented structure; for this, employees have to follow further training, adapted to their specific functions.

At the moment, many employees in the bank are studying for their medium-level certificate. Only a few employees could not cope and have left the bank. So far, only a few employees have already participated in function-specific training courses, specifically aimed at raising commercial qualifications. However, for the customer consultants these courses will have high priority in the near future.

In the near future, the counter jobs for private customers will be replaced by the customer consultant jobs. At present, there are five counter workers in the bank. In the case of two of them, both with medium-level general education (HAVO), management has agreed that they will shortly become customer consultants. The other three will stay on the counter for the moment and will have to follow function-specific training courses first. One employee (higher economic vocational education) from another unit may get a place as customer consultant.

3.2.1.6 The role of the HRM/HRD-department

For the execution of its training policy, the bank can use the support of the HRM and HRD departments of the larger bank association. The HRD department has developed specific training plans and programmes for all the new occupational profiles in the new organisation. These 'training planners' can be used by management and employees to define their training needs and to identify adequate training courses. They specify for each profile which general and special training courses are necessary to fully comply with the job requirements. The training framework for a customer consultant, for example, consists of four blocks:

- general level education (MEAO)
- general banking knowledge

- knowledge, specific to the type of job
- skills, specific to the type of job

The first block specifies basic vocational training certificates. The second block specifies a number of courses, which are provided by the national training centre of the banking sector. Courses in the third and fourth blocks are provided by the training centre of the banking association.

The bank in question makes intensive use of the supply of this in-company training centre, especially the courses qualifying for the general basic economic education. For the moment, the training planners for specific jobs are used less frequently. The first priority of management is raising the level of employees' basic economic and administrative qualifications.

3.2.2 Case 2: a large commercial bank

3.2.2.1 Short description of the bank

The second case is a relatively large commercial bank, located in one of The Netherlands' bigger cities. The bank sells the whole range of banking products, from simple standard products to complex services in the field of private banking, complex insurance, management of large investment funds, international share transactions, etc. For a long time the bank positioned itself as a typical 'business bank'. However, at the moment, the private consumer market is as important as the business market in terms of profits. The bank is very active in the sphere of international transactions. It also has a substantial investment portfolio.

The bank has 257 employees, of whom 41 are part-time workers. The average age is 34 years. The average length of service at the bank is 9.5 years. Since 1992 the total number of employees has been falling, although sales and profits are rising. Staff cuts mainly have to do with further automation of processes and with a number of efficiency drives.

The bank organisation as a whole is divided into two 'directorates': the 'Commercial Affairs' directorate and the 'Business Management'. directorate. Commercial Affairs manages 12 local offices, grouped into four regional district offices. Each of these districts has one 'full service office'. Business Management covers the internal support departments, including the financial administration, the information services unit and the HRM/HRD department. According to general management, a major objective of organising the support units in a separate directorate is to balance the power of the commercial departments.

The bank has a separate human resource department, consisting of two specialised staff employees. Decisions concerning the recruitment, payment, training, dismissal, etc. of staff are the responsibility of the managers of the directorates. Middle managers have an advisory role in decisions concerning payment and promotion. Since 1992 there has been a special project team, consisting of the directors of Business Management, the HRM department and the Internal Control Staff, which closely follows the changes in the staff size and composition and which reports once a month on this subject to general management.
The bank is fully autonomous regarding its policy decisions, but it is a member of a larger

banking association. This association has among other things central support organisations for marketing, ICT, human resource management and training. The bank has the opportunity to use the products and instruments developed by these support centres to create its own systems and arrangements.

3.2.2.2 Implementation of new technology

The introduction of computer networks in this bank took place in three phases.
In the first phase, which started at the end of the eighties, the bank installed a customer server system and bought its own PC local area network which connected about 60-70 PCs. Applications on these systems, however, were inadequately used because of a lack of interest in their user value.

In the second phase, which kicked off in 1994, the bank abolished this policy and started to rebuild its ICT infrastructure in line with the standards of the larger banking association, of which it is a part. Over a period of two years, new databases and networks were installed which connected:

- the workstations within the central office itself;
- the central office with the local sub-offices in the city; and
- the central office with the central support unit of the larger banking association.

In the third phase, which is still under way, more and more software applications are being made available for use on these systems. For instance, for the business market, applications have been introduced for customer data storage, risk analysis, and handling of contracts. For the private consumer market, for instance. special applications for financial services like loans and mortgages and insurance acceptance have become available. These applications have been introduced gradually. The more software becomes available, the more administrative tasks will be taken over by the commercial (support) staff, at the expense of the administrative staff. The bank's management foresees a growing reduction in administrative jobs in the near future.
The bank has a separate ICT services unit, consisting of seven employees. Four of these employees carry out 'normal' systems management and maintenance work. The three others were especially recruited to cope with the consequences of new ICT applications for users. On this point, the bank has learned from earlier experiences. With the introduction of the new networks more attention is paid to the 'user side' of technology implementation (see next paragraph).

3.2.2.3 New occupational profiles

The introduction of new network technology, combined with new organisation of work it makes possible, affects occupational profiles in two important areas: in the area of commercial staff (including the commercial support units) and in the area of the ICT support staff.

Commercial staff

According to the bank's management, the systems recently introduced so far have had only a limited effect on jobs and staff, because the most important user applications still have to be implemented. However, if we look at longer term trends, we can say that in this bank too

commercial functions are developing more and more into real consultancy functions. Counter jobs will shortly disappear and be replaced by functions like the 'customer consultant', the 'financial consultant' and the 'business consultant'. The business departments have already introduced the business consultancy function as long ago as 1995. The overview below presents the basic elements of the new occupational profile of the business consultant.

A business consultant needs to be versatile; internal divisions are based less on the type of product than on complexity and seniority. Senior consultants deal with larger customers, in a more personal way with more tailor-made services.

With the new network, the (business) consultants themselves have direct access to the customer databases. In this way, they are able to take over a number of tasks which formerly belonged to the commercial support unit. Job profiles in this commercial support unit will change, in the sense that they will contain fewer tasks involving the handling of commercial activities and more involving the preparation of advice, the provision of information, support for sales campaigns, customer information analysis, etc. The business consultancy unit will hold its own commercial support staff. It is envisaged that teams of consultants and support employees will be developed, which will be flexible and easily adapted to specific shifts in the market.

However, this situation has not yet been reached. In order to give the consultants the opportunity to concentrate fully on their sales activities, the bank has decided to organise their 'back-office' tasks for the moment in a separate unit, called the 'commercial administration'. This unit handles a number of administrative activities, which in the long run will be automated. So, in fact, there are now three layers in the commercial process: the consultants, the commercial support staff and the commercial administration. But this last unit is only temporary. With further automation it will disappear.

As a large commercial bank, this bank deploys a number of highly qualified product specialists, for example, for private banking, investment banking, special insurances etc. With the creation of the versatile consultancy functions, their position changes. They get a 'supporting role'. They are now deployed in a special department, the 'expertise centre', where they are available for the consultants to give an expert opinion on subjects the consultants cannot deal with themselves. Part of their knowledge, however, they have to transfer to the consultants. This takes place through processes of training and on-the-job learning.

Table 8: Elements of the profile of the 'business consultant'

Goal: Meeting the total financial service needs of business customers by giving standard advice and selling standard banking products
Results: by way (of a pro-active market approach:) - lowering costs by using new service channels - improving results per business relation - maintaining a durable relationship between bank and customer
Main activities: - determining market opportunities and developing a sales plan - actively approaching business customers - giving advice to customers and selling banking products - evaluate and maintain the relationship with the customer
Knowledge and skills requirements: **knowledge of:** - all standard banking products - information systems and databases for market analysis - sales aids, service channels, advice and sales systems - electronic self-service systems - key data of relevant business branches
Ability to: - being able to organise sales campaigns - being able to inform and advise business customers - being able to assess client needs - being able to 'win' the customer for the bank - being able to use customer information systems
attitudes, specified in terms of: - target orientedness - customer orientedness - pragmatism and friendliness towards customers - co-operative attitude

IT support staff

The new technology not only affects the primary process of the bank, it also has consequences for the support staff, in particular the IT staff. The IT staff has grown. According to the bank's management, in the past the IT staff paid too much attention to the technical infrastructure, the hardware side of automation. User utility was less of a priority and, as a consequence, systems and applications were not adequately used.

With the introduction of the new network, specific measures were taken to assure better use of software applications. Among other things, two new IT jobs were created, both aimed at stimulating a more commercial use of available systems and databases:

- the 'customer data manager', i.e. an employee who is responsible for adequate procedures concerning the updating of customer databases; he instructs commercial employees working with their own customer databases and manages them in order to assure continuous availability of correct, clean customer information; this person is not an IT specialist but a former commercial employee;
- the 'user support officer', i.e. an employee who supports users in applying IT applications in different processes; he gives advice to users and is also responsible for instruction and training.

Many training sessions have been organised with the introduction of the new network. Training is given in groups or on an individual basis. Courses are organised within the bank itself. Currently, there are two 'user support officers'.

3.2.2.4 Qualification requirements

Because of new technological opportunities, the introduction of new types of services and new ways of organising processes, a large 'qualification gap' has opened up between available and required qualifications in recent years. The gap is tending to become wider and wider. According to the bank's management, the type of employee needed is evolving from a 'knowledge oriented' towards a 'people directed' person. This shift implies a new set of qualifications, which calls for intensive training not only in product knowledge but especially in social and communicative skills. Such new qualifications are in demand particularly from the commercial people in the front-line jobs: the consultants and the commercial support staff. These people also have to qualify themselves to be able to work with the new ICT applications.

At the same time, management signals a raise of the general qualification level in these jobs from medium towards higher professional and even academic education (senior consultants). For new entrants in these jobs, this basic level is required and where sitting staff cannot meet this criterion, management will resort to the external labour market when job vacancies arise.

As a consequence, a kind of selection process has been taking place in recent years within the bank. In the course of assessment procedures a number of employees fell by the wayside and left the bank. Moreover, several training courses have had the same selective function. A number of employees could not meet the required standards and withdrew. So, management has to cope with two groups: on the one hand, the employees who have the potential to adapt to new ways of working and, on the other hand, the employees who are not qualified enough to cope with this change.

3.2.2.5 The role of training

The bank has developed an express HRM policy in order to tackle this problem and equip the organisation for a more commercial way of working in the future. Further staff training is a major element of this policy, but it is not the only strategy to raise the level of qualifications. According to management, only some employees can be trained to fulfil the new job profiles. Others have to be redeployed in other jobs. Still others have to leave the bank in the long run, because they cannot be trained and fitted into the new structure. For them, outplacement procedures have been developed.

Selective HRM policy

So, the HRM policy has a selective function. Two instruments have been used to make this selection:

- a registration of employees' aspirations
- an assessment of employees' potential

These have been worked out by the bank's HRM staff. At the same time, a system of staff planning and forecasting has been introduced. Staff plans have been developed for each unit and the head of the units have been asked to assess the qualities of each employee according to the following criteria:

- functions well at the moment, no problems to be expected
- quality not yet sufficient, matter of time and/or training
- quality not sufficient for current job, could be deployed in another job
- fails to meet current and future job requirements

With these instruments the bank's management is trying to get a better insight into staff mobility requirements and training needs. In fact, the bank has divided staff into two: employees who, with extra training, can stay at the bank and a minority of employees who are not flexible and trainable enough and who will have to leave the bank in the future. The last group includes many less educated and older workers, qualified in administration and deployed in the shrinking administrative units.

Tailor-made training

As far as training is concerned, the bank follows a differentiated policy, with many tailor-made training plans. Both individual and collective training trajectories are used. In the commercial departments, especially for the consultants, an assessment is made of their existing qualifications and these are compared with the qualifications required in the new job-profiles. In this way training needs are determined and individual training plans drawn up. These may vary from person to person. For some employees only some refresher courses are needed; for others more intense study is required. For a number of persons, individual development trajectories have been set out, which aim at educating them at higher professional or academic level.

Informal training and learning on the job

Besides formal training, considerable importance is attached to informal training and learning on the job, especially in the consultancy units. Various types of informal training are applied:

- consultants coach one another, e.g. newcomers first work for some months in practice together with an experienced colleague, then go on a formal training course (in commercial skills), and afterwards go on to work on their own, with periodical feed-back sessions with their former 'mentor';
- consultants in the same field, e.g. business consultants, are brought together in teams to discuss their experiences, evaluate success and failures, determine successful practices, etc. and in this way learn from each others' ways of dealing with customers;
- sometimes, meetings for larger groups of staff are organised to discuss the consultants' work, the background to their activities, specific problems they meet etc.; through these meetings the commercial support staff gets more insight into the consultants' work and gets more involved in the teams.

Moreover, there are career paths from the commercial support units to the consultancy units and within the consultancy units themselves; through work experience and learning by doing, people are encouraged to grow in their job and reach higher levels of seniority.

Training for outplacement

As has been said, the bank has to cope with a number of (older, administrative) employees who did not follow any training for a long time and who cannot be placed within the bank any longer. For them various types of training within an outplacement framework have been organised, e.g. assertiveness training, labour-market orientation courses, job application training and personal coaching. Special bureaus are hired to take care of this training and to contribute to their outplacement.

Training for ICT applications

Both the consultants and the commercial support staff have to get special training to be able to work with the new ICT applications. As we have seen, this training is largely provided by the IT support staff of the bank, particularly by the two 'user support employees'. This training takes place within the bank itself, often on the job and during working hours. According to management, the training load (basic training, new products, IT applications) is fairly high at the moment, especially for the consultants. Sometimes, this leads to stress problems in the units.

3.2.2.6 The role of the HRM/HRD department

A lot of work in the sphere of HRM policy is done by the HRM staff of the bank itself, in close collaboration with the unit managers. The HRM staff draws up staff plans and advises on job profiles, placements and replacements, recruitment of new employees, training needs, training plans, career opportunities and dismissals. The general managers, i.e. the heads of the directorates, are responsible for decisions in these fields.

For training, the bank can use the course supply of the training centre of the larger association of which it is a part. So far, it has especially made use of the courses in basic and special banking knowledge and skills provided by this centre. The training centre also offers several instruments for training needs analysis and the planning of training. Thus far, these instruments have been less used by the bank, because the HRM staff developed its own procedures. Besides, for some courses the training centre was not used and private trainers were hired from outside.

The HRM/HRD staff is less involved with training and learning activities on the job. It encourages middle managers to take care of such activities, but the actual organisation is a matter for the employees and the teams themselves. The HRM/HRD staff does play a role, however, in developing career paths for individual employees and in arranging job placements, work experience and training courses within the framework of these career paths. It does so in consultation with line management and the employees themselves.

At the moment, a discussion is taking place among HRD staff on the opportunities for training and learning on the job. Ways are being sought to stimulate, facilitate and organise these types of learning in a more explicit way.

3.2.3 Case 3: an ICT support centre for banks

3.2.3.1 Short description of the centre

The third case is an ICT facility centre of one of the large bank organisations in The Netherlands. This ICT centre is one of the two divisions of a larger support centre which organises the central support services for all the local banks which are associated in the 'holding'. The other division provides services in fields like postal services, buildings and materials, security and logistics. The ICT division was the first division to be organised in the support centre. It started in 1992 with the privatisation of the automated transaction processing units of the central office into a separate, results-oriented service company.

This 'company' is a fully-owned subsidiary of the banks' holding, but it operates independently and has full autonomy in strategy and decision making. The main tasks of the ICT division is to maintain the ICT infrastructure of the bank organisation and the associated banks and to initiate and develop new products and services in the ICT field. Services are provided on a contractual basis, at the lowest possible price. The associated local banks are the main customers, but the centre may also provide services to companies outside the bank organisation.

3.2.3.2 Development of new technology

Currently, the IT centre is particularly occupied with the development of three types of new technology:

- The development of network technology and applications to be used in the local and area networks which have been installed in the local banks. This infrastructure is particularly used for automated transaction processing, the transmission, storage and retrieval of data for commercial purposes.

- The development of smart-card and automatic payment technology. The number of cash points and automated banks is steadily growing. Some years ago, the bank introduced its own smart card. Recently, the bank has launched plans to remodel its distribution network of two-level head and suboffices into a three-level network of head-offices, consultancy offices and distribution points. These distribution points are no longer staffed; they have only automatic equipment.
- The development of Internet technology and applications. For about two years, the bank has been exploiting its own Internet site on which all kinds of telebanking services are provided. Of course, there is a general information service. There are telebanking services for private customers, e.g. to open a bank account, to get a loan, to get a mortgage, etc. And there are several services for business customers, including for example payment services and information services regarding investment trade, market developments, etc.

The bank has very recently introduced a combination of smart-card and Internet technology by opening up a 'consumer market' on the Internet for its customers. On this 'market place' business customers can offer their products to Internet users, who can buy and pay for the products directly with their smart-card from the bank. If they do not have a card, they can order one instantly via the Internet. Customers can pay from any PC connected to the Internet and equipped with a special card reader. According to the bank, this is a brand-new technology which can be offered because of the high level of automation in the payment systems within the bank.

3.2.3.3 New job profiles and qualifications

The IT division is subdivided into a number of relatively autonomous business units. Within these business units 'traditional' IT specialities are grouped together, but a number of new occupational profiles have also been defined in relationship to the introduction and implementation of new ICT technology, especially network technology.

There is for example the Central Computer Services Unit, which operates the bank's computer centres. Here two types of network-related jobs have been introduced in recent years:

- jobs in the sphere of 'operations management', i.e. employees here are responsible for the central control and servicing of all systems of the bank organisation, including its international connections; among other things the employees monitor systems operations, support operations and develop systems procedures;
- jobs in the sphere of 'systems entry protection', i.e. employees who are responsible for ensuring adequate protection for central systems and information provisions; among other things the employees support customers/users in developing and maintaining adequate protection procedures.

For both types of jobs a certificate of higher vocational education in data processing is required as well as appropriate work experience (same type of equipment, hardware, software, etc.) and a lot of further formal specialist training, e.g. in the field of systems management. In addition, a number of general skills are needed: analytical skills, pragmatism, solution-oriented thinking and the ability to communicate and cooperate with colleagues and customers.

Another unit is the business unit for Network and Workplace Support. People in this unit are responsible for the development, installation and support of IT networks and workplace facilities

in the banks. Among other things they deliver products and services for further automation of workplaces in the local area networks at the banks.
Here, there are three new types of jobs:

- help-desk jobs, i.e. employees who assist local IT employees in finding solutions for problems they cannot solve themselves;
- product specialists' for the various network applications; these employees assist the help-desk employees with more complex questions; they also organise 'introduction projects' for new applications and, as such, develop installation procedures, write user guides, update software packages, etc.
- account and customer managers, i.e. employees who deal directly with the centre's customers; as such, they analyse the information needs of customers, give them advice on hardware and software, identify users' instruction and training needs and supervise the delivery of new applications.

For these jobs a certificate of higher vocational training is needed, supplemented by a number of courses in data-processing at higher vocational level (AMBI) and specialised further training certificates in for example, systems management. Besides, a number of personal skills are required: a solution-oriented approach, communication skills, ability to co-operate, creativity and initiative.

A third business unit is the Unit for IT Consultancy. In this unit a number of highly qualified IT professionals are grouped together to provide IT consultancy at a high level. Both technical as well as organisational domains are covered. The unit is organised in a flexible way, with people mainly working on projects. New developments in smart-card and Internet technology get high priority at the moment. A new job profile which arises here is the profile of the 'knowledge technologist'. This is a professional in the field of IC technology, who can handle complex questions and who is able to act in different roles, i.e. as an expert, consultant, project manager. Basic qualifications for entrance to the job are at the level of higher vocational or academic IT training. Afterwards, on the job further qualification takes place through individual professional development. Other qualifications required are: initiative, responsibility, creativity, ambition the ability to use ones own knowledge in a flexible way.

3.2.3.4 Role of training and the HRD department

As the previous paragraph demonstrates, a substantial amount of basic education and training is needed to be able to enter these higher qualified ICT jobs. For most jobs, basic education is at the higher vocational or academic level in the ICT field. Once on the job, the professionals have to follow regular further IT training courses in order to update their qualifications. Sometimes these are broader courses, provided by branch-oriented private IT training institutes. Often, courses are linked to certain software-applications and provided by computer firms, software houses or system development bureaus.

For the higher qualified knowledge technologists individual training and career plans are agreed when they enter the job. For each of them, a personal training and development trajectory is set out and they receive special time for training and learning on the job. In the long run they have to develop themselves from IT specialists into generalist IT consultants. In recruitment procedures one of the qualifications required of applicants is the potential to follow this career path.

For many jobs in the IT units the bank recruits new employees on the external labour market. The IT division has its own HRM support staff, which is involved in recruitment and also in the design of (individual) training and development plans. The bank's central training institute and central HRD support staff are not involved in training for specialist IT jobs. They work above all for employees in banking jobs. With regard to further training, the IT division runs its own course.

3.3 Conclusion

In this report we have tried to determine how new technology brings new occupational profiles, as illustrated by the Dutch banking sector. We have described some general trends and focused on case-studies of three particular banks: a small rural area savings and loans bank, a big-city commercial bank and a specialised ICT facility centre for banks.

As the case-studies demonstrate, clear changes in occupational profiles and qualification requirements are evident in the banks, both in the primary banking processes as well as in the supportive ICT development processes. Changes can be summarised by two main trends:

- first, entry level qualifications are rising for most jobs in both the banking and ICT support departments. For most commercial jobs in support units, medium level vocational training is now required; for the front-line consultancy jobs, even higher level vocational education is becoming the standard in many cases. Also for most new ICT specialists, a basic education at higher vocational level is a minimum requirement;
- secondly, with the increase in directly customer-oriented tasks in the new jobs, commercial, communicative and social skills are becoming more important. Moreover, more importance is attached to certain personal characteristics, like initiative, creativity, responsibility and critical sense.

These requirements are very different from the qualifications required in traditional banking environments, especially in administrative departments. So, in many instances management points to a large gap between available qualifications and the qualifications required in future.

There are a number of possible solutions to this problem and, as the case-studies demonstrate, managers do indeed opt for different solutions.

- In the first bank we studied, management has set up a kind of 'training offensive'. All employees are encouraged to become qualified through further basic training up to the level of medium level vocational training; in principle, every employee gets this chance. This broad approach seeks to raise the basic quality of all staff.
- In the second bank, management also attaches considerable importance to training and encourages both general and specific training for its commercial staff. But in this bank, not al employees will keep up. A group of employees has been identified - mostly older, less qualified, administrative workers with limited 'learning capabilities' - for whom there is no longer a place in the bank. For them, outplacement trajectories have been set up.
- In the ICT department, high levels of qualification are required and training is heavily stimulated to reach them. But this department also relies on the external labour-market in order

to get an adequately educated staff. Recruitment standards are fairly high in this department, with respect to both basic technical education and personal skills.

The banks use a wide variety of types of training to meet their needs: external long-term basic education, formal further training in basic banking knowledge, formal training in specific skills and attitudes. Basic courses are provided mostly by the banking sector's training centre. Specific further training is organised by the banks themselves. ICT training is often provided by (private) ICT training bureaus.

Among the banks there is a growing interest in new types of training and learning on the job. In part, this is for reasons of efficiency: it is sometimes cheaper to organise shorter training on the job than to send employees away for longer courses off the job. But it has also to do with changes in the organisation of work. In the new developing organisations, employees on different levels and in different departments have to cooperate more and more with each other and have to know more and more about each other's fields. Dividing lines between different functions become less rigid and greater emphasis is going to be laid on the transfer of knowledge from one domain to the other. This more flexible way of organising work provides more opportunities for employees to learn.

A final point we want to emphasise is the problems the banks encounter with older, less qualified employees. As in many other companies, they participate less in training and they come up against more difficulties in keeping pace with the changes. The banks do offer training to them and a number of older employees are prepared to use the opportunities. But, as we have seen, there are also many older workers for whom the new skill demands are too high. For them other solutions are considered, such as retaining their job even though they are actually superfluous, moving them into side away jobs or outplacement. Moreover, a number of them have left the banks in some kind of early retirement arrangement.

4. THE UNITED KINGDOM

4.1 General characteristics of the UK banking sector

Within the UK the banking sector is a major employer, as the figures below indicate[12], the total numbers of employees within the banks represented by the British Bankers' Association for 1995 was 357,000 (substantially down from a recent peak of employment in 1990 of 444,800) and these numbers do not include any of the UK is many Building Societies, or regional banks. The Banking Insurance and Finance Union's (BIFU) estimate of the current levels of employment in the Banking Sector was between 600,000 - 800,000 people. BIFU is the largest Trade Union in the banking sector, with a total membership of about 115,000. The current lack of stability in the banking sector means that a more accurate estimate of the total numbers is not possible. A short analysis of some of the data on employment patterns supplied by the British Banker's Association is included in Table 9.

[12] Supplied by the 'British Bankers' Association' - statistics and economics division, source British Bankers' Association Annual Abstract of Banking Statistics.

Table 9: Changes in employment in banking[13]

	1986	87	88	89	90	91	92	93	94	95	96
TOTAL	307 400	322 900	338 300	355 700	348 800	331 800	313 300	300 100	288 000	280 500	274 000
MALE	121 800	127 000	131 400	133 500	128 000	121 600	115 500	110 400	103 400	100 400	957 00
MALE PART TIME	1400	1400	1300	1400	1500	1300	1100	1200	1400	1500	1800
FEMALE	185 700	195 900	204 900	222 500	220 900	210 200	197 800	189 700	184 600	180 100	177 500
FEMALE PART TIME	35 600	38 700	41 100	45 700	49 300	49 300	48 200	48 700	50 500	50900	53300
TOT - PART TIME					298 000	281 200	264 000	250 200	236 100	228 100	218 900
	1986	87	88	89	90	91	92	93	94	95	96
1986 = 100%	100%	105%	110%	115,7%	113,5%	107,9%	101,9%	97,6%	93,7%	91,2%	89%
1990 = 100%					100%	95%	89,8%	86%	82,6%	80%	78%
MALE %					36,7%	36,6%	36,8%	36,7%	35,9%	35,7%	34,9%
FEMALE %					63,33%	63,4%	63,2%	63,3%	64,1%	64,3%	65,1%
PART TIME %					14,56%	15,25%	15,73%	16,62%	18,02%	18,68%	20,10%
MALE PART TIME					1,048%						1,88%
FEMALE PART TIME					22,31%						30,02%
% FULL TIME					85,4%	80,6%	75,7%	71,7%	67,7%	65,4%	62,7%

Source: British Bankers' Association

[13] The figures show a decrease of 22% in employment since 1990, within the membership of the British Bankers Association.
percentage of total female workers has remained roughly the same - however, great increase in percentage of them who are part-time
(+8% over time) so in fact may be seen as less women work time overall.
Unfortunately these figures do not allow us to see changes in the *level* of people's work. The case study evidence suggests that there has been a general trend of 'downskilling' s
with major losses in staff at the management and supervisory levels.

Trades Union Perspective

The banking industry is still a very large sector of the economy employing between 600-800,000 people and the TUC[14] only organises about 25% in total. The union expects the numbers in banking to continue to fall, but even if descends to only 300,000 (a 50-60% drop in total) it will still be a large sector.

Banks are increasingly integrated, there are constant mergers and buy-outs within the financial sector. The trade union itself used to be organised in terms of officers representing specific banks, but they have now changed to more functional responsibilities because of the constant change in the numbers of banks. All banks are moving to a position of 'act global, think local' - so there are big holding banks with 'local' faces[15]. Banks are increasingly buying and using customer databases from other financial institutions. Sometimes these are used as a way of gaining information about competitor organisations' customer base with a view to possible mergers and take-overs, but often they are used to analyse and target potential customers, 'mining' information about them in order to maximise marketing and advertising success.

At the higher levels many banks have brought staff in from outside the financial sector, or from America where they are more technologically advanced, and much more global thinking.

Retail banks have seen most change, with a high level of automation of lending decisions. International banks have a different type of career structure and are in a much more professionalised industry, they are investment banks, not retail banks. Corporate banking within retail banking also has not experienced the same levels of change, they still need to make personalised lending decisions.

The trade union has lost over 30% of its membership within the last six years. The impact on the membership has mainly been from restructuring. The banks did not inform the unions about the changes, and often the new call centres, for example, were not unionised. Now the union's main recruitment is in these centres.

The new call centres have a very different profile to the traditional banks. The levels of women are higher, but they are still in the lower levels. Overall banking has lost male employees in the restructuring because they were in the management layers that have been lost. It may be that in theory there are more female managers now; however this is likely to be as a result of the redefinition of 'manager' to include 'supervisory' now that the traditional management levels have been removed.

Generally, call centres are separate companies to the branch staff and they often have different terms and conditions. In terms of career structures, although there are still hierarchies the banks are presenting careers in terms of broadening skills - banks sell a lot more products than before so flexibility is at a premium. Generally part of performance related pay has been organised so that it can reward flexibility.

All employees in retail banks are being moved towards sales targets, whether for identifying leads for sales staff, or actually selling products. This performance culture is entirely new, most people get between 3 and 3.5% performance pay, although the range is between 0 and 12%.

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[14] Trades Union Congress (TUC) - umbrella organisation of trades unions within the UK

[15] For example The Hong Kong Shanghai Bank which owns both Midland and First Direct.

This change in the nature of work means that employees' psychological aspects of links with the bank is a huge area of work for the union now. Members are often stressed because the traditional culture of the bank has been to offer service - to the extent that workers were not allowed, within their contracts, to have an unauthorised overdraft themselves, and were forbidden to borrow money from other workers (even £1 for lunch). This level of care about money sits very uncomfortably with the new 'selling' mentality of the new style banks, which is one reason why staff who are psychologically very committed to the old system are not welcome in the restructured banks.

The shift in terms of careers means that although many older women are being brought back into banking, there is much less traditional training, in terms of people being encouraged to do the traditional banking exams. The Chartered Institute of Banking is suffering as a result of lack of take-up. Women were traditionally excluded from these exams to a great extent anyway - banking is a deeply traditional and chauvinist career.

The move to the performance culture has had several effects. Firstly, the bank has a perception that the employees will only be there a short time and therefore it is not worth investing in them: secondly the individual is responsible for their own career. The bank may offer educational opportunities, such as distance-learning, but the employees must take them up in their own time, which means that it discriminates against those with other responsibilities such as childcare.

In many banks there has been a move away from collective bargaining of wages. There is a move towards more individualised contracts with each employee being offered a particular rate for their job. Often this rate does not include any benefits, and may be a short-term salary.

A possible consequence of this type of move is that finding 'equal value' jobs may be difficult for sex discrimination cases. It also means that the banks can 'get away' with the least good terms that they can manage.

Benefits to staff have changed from the traditional 'golden handcuffs'. There is a move away from subsidised mortgages, which seems to indicate that the banks do not want workers for life any more. This point is also linked to the discussion of the 'performance culture' above.

The American model that was adopted was based on a high turnover of staff (100%), but in the UK people have stayed and this model will need to be revised.

There is also a trend towards the blurring of boundaries between work and home. For example, one bank encourages staff to phone clients from their homes in the evenings between 6pm and 8pm and they are offered a phonecard to overcome issues around cost. There are also examples of staff being asked to come in on Saturday mornings.
Employees are, in effect, pressured to "prove their commitment". So although the bank shows unwillingness to invest in its staff, it still expects its staff to show commitment.[16]

It is likely that there will still be some bank branches which will act as 'windows' for customers, but they may have less staff than before. Most staff now are in service centres. Some of these are

[16] Employees are, in effect, pressured to "prove their commitment".

better than others. Although the call centres are large they are all competing for the same customers and so it is likely that there will be mergers as a result.

Part-time workers have increased greatly. In the last five years the membership has gone from 12% to 25% part time workers. These are mostly all new members from the call centres. It is interesting to note that, in spite of the emphasis on part-time work, there is a move to more men working in the call centres too.

The union has noticed that IT skills and selling skills tend to be those which are needed the most within banks. It feels that the point of entry to banking will now be computer literacy. There will also be increased need for personal skills, selling skills and managerial skills. However, employers do not seem keen to invest in people in the long term. One of the new problems is that female staff in call centres are being seen as low skilled, whereas in fact the skills - human skills of caring and communication - simply seem to have low value. Also, the low number of hours worked means that staff do not have time to push for recognition of their skills.

There is a trend to 'private banking' by the high street banks, where wealthy customers are given 'gold star service' (for those with over £50,000 in the bank). This is one possible route for employees to aspire to. However, there is particular use of youngish women, who are well dressed and presented, this is worrying to other staff, particularly older women and men, it is as if women are being used as 'hostesses'. Women can do well in this area, but for the 'wrong' reasons.

Perspective of the Banking Sector Training Body

Technological innovation has affected most parts of the industry, at most levels, and there have been both direct and indirect effects on the organisations concerned.

Potential loss of 'career identity' has been identified as a particularly significant problem. There are shifts in patterns of working from full-time employment within branches to part-time employment in remote processing plants. The effect of these changes has been to distance the work being carried out in these new plants from the traditional concept of banking. It is questionable, therefore, whether those employed in the processing plants - who were not previously employees of the bank - actually have commitment to banking as a career.

4.2 Interviews

4.2.1 Case Study 1: Bank A: National retail bank, highly automated

4.2.1.1 Context of the bank, and conditions in which it operates within the UK

The bank was established in the 1870s, as an association for members only, but it started lending to other personal customers in 1901. It is a wholly owned subsidiary of a large wholesale organisation which is owned by its members. The bank has 4 main divisions:

- Corporate division - customer sales and service to corporate customer with business of over £25,000.
- Personal division - sales and service, personal customers only
- Financial control division - which controls all accounting
- Group resources division - provides support for the whole bank, including Human Resources, IT, property services etc.

Range of business:
- corporate banking
- personal banking
- leasing
- treasury transactions
- international transactions - *however* not international bank, only operates within UK.

Services offered:
- telephone banking
- video phones
- TV banking
- software-based banking in the corporate area
- moving to Internet-based services
- high street banks - staffed
- high street banks - automated

There are about 3900 staff in total, mostly employed in three places 750 in the Head Office, 800 in Processing and operations centre (including a call centre), 200 in new call centre. The remaining staff work in branches and regional offices.

4.2.1.2 Change in the bank over time - new technology and implications for staff numbers

The last five years have brought many changes to the bank. There has been a radical re-think of the way in which the bank works. The bank had operated in a fairly traditional, branch-oriented, way until 1992, when telephone banking was first introduced. At this time the numbers of staff were similar to current levels. In the interim period between 1992 and 1997 numbers of branch staff have been reduced considerably, the organisation has been de-layered and made much more centralised. There was a marked decrease in staffing levels as a result. However, the bank's extremely successful showing in the last five years made new recruitment necessary, returning the overall numbers to 1992 levels.

The main loss of staff occurred when the traditional banking system changed. The operation before the changes was based on autonomy within the branch, so that both front (customer service) and back (processing transactions) office functions took place in the same location - the range of functions carried out within the bank included opening accounts, production of statements, cheque processing, referring cheques, arranging and monitoring mortgages, and corporate business (up to very high levels). This form of working was staff-intensive. The initial changes involved centralising the functions. The first wave was the development of regional

processing centres and customer services so that the administration was removed from the branches and carried out in a single, national, location. The next wave of changes was the setting up of the telephone banking and processing centres. This was all carried out quite quickly.

The branches now are staffed very differently, and have a different purpose to the pre-1992 branches. All processing, including all decisions about loans, is done centrally. The branch is only a focus for selling products to customers now. Functions within the branch will include completing questionnaires with customers, but the decision about loans will be made using a programme on a computer, any decision that cannot be made automatically in this way is investigated centrally. The role of the 'head of the branch' now carries substantially less responsibility than the traditional 'bank manager' and they are called 'Business Development Managers' (BDM). The BDMs are at lower grades (team leader) and their jobs are less 'banking' focused.

Within the new structure the nearest equivalent to the traditional bank manager will be the 'Controllers in Advances' which are centrally-based, or the Corporate Managers. These are located in the Corporate Business Centres and deal with corporate customers only, who have more complex business arrangements and require more involvement from the bank in deciding how to conduct the business. These functions are not so amenable to the automation or centralisation seen in the Retail Bank.

Many of the branches now are 'kiosks' which have no staff. Transactions are carried out on machines using cards and automatic processing. There are also telephones in each kiosk, linked to the call centres so that customers can talk with a member of staff if they wish. There are actually more branches now than there were before 1992; however there are fewer 'outlets' which used to be housed in large stores run by the parent company - which accounted for a large amount of staff. Overall there has been a considerable loss in staff numbers in branch-based banking.

Most of the banks customers now carry out most of their banking business by phone from their homes or workplace. The bank is the only UK bank which also extends a facility for its corporate customers to do their banking by telephone, although there are some limits to the extent of this service.

The bank has recently linked up with a leading Satellite TV Station to enable customers to do limited personal banking, such as getting statements, on the TV. Internet banking is currently under development, awaiting advancements in encryption technology.

Other banking initiatives include a software package which is available to large corporate customers which gives them the autonomy to carry out some of their own banking functions - such as pulling up balances, and transferring money, which would normally have been carried out through a Business Centre.

The gains in staffing since 1992 have largely been in call centres handling telephone banking.

There has also been other 'loss of functions' within the bank with the move to outsource work where possible to make economies of scale. For example, the computer systems are outsourced to an external organisation which carries out all programming on behalf of the bank and maintains its software, although the bank maintains its hardware internally. The cheque-clearing operations and

credit-card processing are outsourced, and currently cash-handling (bullion) is in the process of being outsourced, with another bank. The bank had 15 bullion centres with relatively high staffing levels; the move to employ another bank - which has very advanced and rapid cash-handling to handle the bullion means that this expense can be reduced.

The maintenance of automated banking machines - used in branches and kiosks - has also been outsourced, and the maintenance of all branches has been centralised within the bank's property unit.

A few jobs are created within the bank as a result of outsourcing since the relationship between the bank and the outsourcing company has to be managed to ensure that it works efficiently.

There has also been some 'creation of function' within the bank. For example, the change to telephone banking raises a number of security issues and an Inspection department employing ex-police has been created to focus on this issue. In addition, some technology development jobs also exist to help identify areas where technology could usefully be employed. A recent example is the development of software to help identify products that a customer may be sold, based on the customer's records. This development means that it is possible to get fairly low-level staff to carry out a range of selling functions that would previously have been carried out by other staff.

The changes in the organisation meant that there was a large-scale initial programme of reducing staff in the branches. This was mainly managed through a system of very generous early-retirement packages, then through a policy of relocation into the jobs which had physically moved. Virtually nobody was made forcibly redundant in this period of substantial decrease in overall staff numbers (25% reduction).

The changes in the structure of the branches led to substantial re-evaluation of jobs, with some - particularly those at higher levels within branches - being re-graded at lower levels. This meant that there was a strong disincentive for these people to re-apply for their jobs. Many of these staff took either voluntary redundancy or early retirement, with some senior managers moving to Business Centres which were created at the same time. The bank's systems at this time included another disincentive to apply for the re-graded, now lower-level, jobs; which was that salaries would be frozen until the job was re-evaluated at a higher level. There were a few people who did apply for the lower level jobs, but they were dissatisfied and were encouraged to seek more appropriate jobs within the organisation. These staffing changes were concurrent with other leading UK banks' making staff compulsorily redundant in large numbers, with no re-employment strategy; so there was a feeling that Bank A was behaving in a much more responsible way to its staff.

In cases of outsourcing; the bank has tried to transfer existing staff to the outsourcing organisation. In the example of the new arrangements with the bullion it is hoped that a combination of staff transfer, re-location and voluntary redundancy will mean that there are no enforced redundancies among staff. It is worth noting that there have been increases in the staffing levels of the outsourcing organisations, which may be an area of employment growth, albeit not strictly within the banking sector.

It should be noted that the current levels of staff, although similar to the levels in 1992, now deal with a vastly increased number of customers. The ratio of customers to staff has grown massively.

This means that, assuming relative stability in the number of personal customers overall since 1992, Bank A has managed to acquire a much larger percentage of the overall market, though the size of the organisation has not increased. This indicates that there must also be losers in the system (which seems consistent with the figures presented in table 9), with fewer customers and lower numbers of staff.

4.2.1.3 Personnel profile, management style and culture of organisation

The bank has a five layer management structure: Team member, Team leader, Line Manager, Level 2 manager (reporting to the executive team), and four executive managers (one for each division). The main employment areas break down to about 480 line managers, 520 team leaders, and 2-3000 team members.

The bank recognises trades unions, and enters into collective bargaining; however it is no longer a closed shop (previously was, with BIFU).

The bank takes a strong 'ethical' stance, both in relation to its external customers and in terms of its staffing policies. There is a commitment to a number of 'fair processes': for example, when aspects of the bank's work are outsourced the bank negotiates with the out-source company to take on bank staff with the appropriate skills, and to make sure that transferring staff have as high a level of job protection as possible. The culture has changed somewhat, not to lessen the commitment to staff, but to try and eradicate 'bullying' which was historically associated with the banking tradition. There has been a major HR push on this issue, which has included removal of some staff. One current HR project is examining leadership styles amongst managers. Many of the staff have been employees for a long time; people want to stay in the organisation and there is a 'family' atmosphere. There have been some problems over the last five years when there has been major change - including some staff reduction - but a more positive atmosphere has now returned.

The age profile of the bank has changed considerably over the last five years. Now there are many more young staff. This is partly due to the generous early retirement package. The result was a loss of many older staff. The oldest staff now are in their early 50s, apart from the Managing Director. The loss of experienced staff led to some problems when the call centres were introduced, however the new, younger people were quick to step into the breach. The bank had already introduced a system of TQM and had run change management courses from 1988, so there was already quite a flexible attitude within the organisation and people were prepared for change and development.

The ratio of male to female staff has not changed substantially since the changes in the structure of the bank were made. There are slightly more women in the call centres. However, the newest call centre has been built in a place with high male unemployment and there are more men there; another reason for employing the men was that there used to be a vehicle breakdown call centre there, so men with the right skills were looking for work. The general pattern in the bank is a slight majority (56%) of female workers, and this is different to the pattern in most UK call centres where the vast majority are women. However, the work patterns are full-time rather than part-time which often attracts more women.

The higher levels of management remain dominated by men (In 1988 there were 488 managers, of which 11 were women), but there is some movement towards increasing levels of women at Level

two. There are no women at director level; this is expected to remain the case as all directorships are recommended by the parent company board, which is more conservative than the bank.

Overall, staff turnover is very low, and in some areas there is no turnover at all; however there is some indication in the call centres, where there are large numbers of team members and relative low opportunities for progression, that turnover is increasing. Lower level staff are trained to be effective and are then either poached or move to other organisations.
The call centres work 24 hours a day and are based on three eight hour shifts, with extra coverage at peak times. Staff were given the opportunity to work part time but most have elected full-time work.
There have been no significant changes in contract terms in the bank, except the requirement in some cases that staff should be mobile. Temporary staff conditions had been slightly different but now the contracts are all the same.

4.2.1.4 Implementing technological and functional changes and recruiting

Most current recruitment, and the majority of the staff, are at Team member level. The main bulk of them are in the call centres where there are, for example in one centre 650 team members, 40 team leaders, six customer service line managers and one Level 2 manager. Most of the re-employment and re-training that was done after 1992 was to move staff from the branches into the call centres. However, initially when the main bulk of transfers were done there were no effective training packages to cope with the situation. Many of the staff went from working in a traditional banking environment to call centre work which really focuses on customer service skills. The staff are trained to NVQ level 3 in customer service. The main call centre has just achieved an 'investors in people' award and the rest of the organisation is working towards that status.
Within the corporate side of the business, in the Business Centres staff are encouraged to complete the Chartered Institute of Bankers qualifications. The training takes place over four years and has degree level status. In theory they could recruit school leavers to do this, but in practice recruit people with experience of working, often graduates.

Graduate recruitment is generally at project manager level (team leader status). Recruitment in call centres is generally not school leavers either. The bank looks for people with telephone skills, but primary emphasises behavioural skills and then internal training rather than traditional qualifications.

Traditional progression within the branch has gone and work is now in much more discrete areas. There is a feeling that the separate development of divisions which has occurred was probably inevitable in order to achieve the enormous level of change required. However there is now a need to review and to try to re-integrate and to gain some cross-organisational perspective. There has been a tendency throughout the change to develop a kind of 'tunnel' vision within each division.

There are currently five separate divisions: personal banking, two call centres, debt collection, and corporate division. All divisions now work independently, but as the whole organisation functionally is inter-dependent it is felt this should be made clear to the employees. Efforts are now being made to introduce more integration, perhaps enabling the same person to tackle issues across the different types of banking.

The Human Resources team see this 'splitting' as a problem, bringing reduction in progression opportunities. The tradition within the bank has been to bring in people from the outside to increase the corporate side of the organisation, as well as for accountants, HR people and IPD graduates. However, the bank would now like to see more people 'grow' from within the bank's staff into other areas of expertise; so although there may not necessarily be a logical vertical progression, the staff may train in other areas of expertise. The Human Resources department sees this as a distinct possibility, particularly given the over-qualified staff in the call centres (where many team members are graduates, despite there being no functional requirement for formal qualifications). The bank attributes the numbers of graduates applying to work at low levels both to the over-abundance of graduates but also, and significantly, to the ethical stance of the organisation which attracts people to it.
A major project to address the problem of lack of perceived career progression is the development of the 'employability project' which is looking at succession planning, and giving staff a career plan in a situation where there is no job for life. Within this project there is a move to encourage training for qualifications (including NVQs) and movement around the organisation. The emphasis is on making staff employable within and outside the in cases where the structure offers few opportunities internally.

Within this bank there is a strong commitment to training of staff, with sponsorship by the bank to complete a professional qualification within their area. The bank will pay for registration and allow time off for study, at the manager's discretion.

4.2.1.5 Pressures for change

At the time that the changes were planned, in the early 1990s, the bank was not in particularly good shape, and had even made a loss in one year (shortly after the changes were initiated). However, they were not in very bad shape in comparison with other major banks. The Managing Director was extremely forward-thinking and the restructuring was very much a result of his innovative planning. The changes have paid off very well; profits under the new structure are now soaring.

The pressures for change included the effects of deregulation of the banking industry and the increase of new forms of competition. The bank also responded to a shift in their customers' attitudes to the way in which they wanted to do their banking, and it was considered essential to competitive positioning. The bank recognised trends towards use of self-service remote banking that had been illustrated in the growth of ATM machines.

The bank carried out extensive market research to identify trends in the market. The plans were then developed to move personal banking to call centres as far as possible, so that the branch network could focus on sales development and the expansion of the customer base. Following an initial pilot the project was fully implemented and the branch staff were reduced by 66% (through voluntary redundancy/early retirement and relocation to the call centres). The project innovative compared to other banks and gave the bank a strong competitive edge.

The bank now views itself as telephone based with branches as value added service.

4.2.1.6 Advantages/disadvantages of change

The bank has been extraordinarily successful since its decision to implement major change in 1992 with profits rising by 273%. It has also gained a large number of new customers, many attracted by its remote banking service as well as by its ethical policy.

One of the other issues arising from the change is that staff are now employed for their customer service skills and career bankers are now described as 'customer friendly agents'. This move has had some repercussions. As discussed above, current training is focusing on 'employability' rather than 'career within bank', in recognition of the lack of opportunities for traditional career progression within the bank.

The bank also lost many of its experienced, older, staff when it implemented the changes, which meant that there was a period where there was a 'gap' in knowledge of the bank while the remaining, more junior, staff were trained in their new roles.

4.2.1.7 Future changes and staffing issues

Reports prepared for the bank suggest that there will continue to be a huge shift to telephone banking over the next five years by users of the banking service - the January 1997 figures put telephone banking users at 4,000,000 and the report predicts over 17,000,000 in the near future. However, the report also suggests that there is an area with greater potential for impact than even telephone banking - the Internet. Although the initial growth will be in payments made using the Internet (suggesting negligible amounts currently increasing to over 300,000,000 by 2001). The report sees the initial use being the replacement of payments made using credit or debit cards as well as some replacement of other payments by cash or cheque. There is also a prediction of huge increase in the users of Internet, equalling forecasts for telephone use in the short term, and then overtaking it 60% of home computer users with access to the Internet reported that they would be likely to become active users of computer-based banking if offered. The report notes the very rapid increase in computer access within the home, and the growing confidence of Internet users to make payments via the net.

The growth of full electronic banking will depend on a number of legal issues, such as cryptography regulations, key escrow, certification authorities, digital signature and jurisdiction. There is a great commitment to increasing Internet access and use and the bank defines electronic banking in the following way:

- virtual banking
- customer self-service
- customer as partial employee
- customer driven systems
- customer control systems.

All of these appear to have implications for current numbers and types of employment in the banking sector. The range of electronic products envisaged is also immense and includes:

- telephones
- smart screenphone
- public, private or other networks
- videophone
- hose mainframe
- third party service providers
- interactive TV
- satellite or cable
- PDA
- smartcard (electronic cash)
- fax
- remote experts

The impact on staffing of these predicted trends is seen as quite significant. Although the reports commissioned by this bank see Internet bank users as having access to telephone banking as well, it is seen as a secondary, or support, service rather than the primary method of banking as it is now. Thus there is some feeling that although in the short term branch staff are vulnerable as people turn to telephone banking, in the longer term the vulnerable group is likely to be the call centre staff. If the predictions are correct then telephone banking will be an 'intermediate' step on the way to completely remote banking and thus there is some likelihood that call centres will need to be considerably scaled down. This is a longer term concern, and quite significant since most of the staff are located at the call centres and this therefore potentially represents a large threat to employment in the future.

Whatever the potential downsides of continuing to implement the newest technology, it seems clear to the bank that this is the only way to survive. One of their mottoes is 'innovate or die'.

4.2.2 Case Study 2: Bank B: National retail bank - recently restructured

4.2.2.1 Context of the bank, and conditions in which it operates within the UK

This retail bank is owned by a bank group, it is the founder bank within the group. It has recently acquired a controlling stake in a US bank, and has a strategy of acquisition. The group includes a retail bank, a wholesale bank, a corporate and institutional bank, and an insurance company. The bank is also involved in joint ventures with other organisations, such as a leading supermarket. The group employs about 27,000 employees overall, and the retail bank itself employs 14,000 of these.

Structure of retail bank:

- retail credit
- operations
- direct retail banking
- regional retail banking

Range of business:

- Commercial functions now handled by the wholesale bank
- mortgages
- personal loans
- TESSAs
- PEPs
- insurance
- personal pensions

Services offered:

- telephone banking
- high street banks - staffed
- supermarket banking
- home banking
- limited Internet banking
- home banking at work (ISDN links with bank in companies)

Of the 14,000 staff in the retail bank, customer service staff make up 8-9000. This includes direct banking/telephone banking staff, as well as the branch staff.

4.2.2.2 Change in the bank over time - new technology and implications for staff numbers

Prior to 1992 the bank was extremely traditional. Although computers were already used at this time the way in which the business was carried out was still substantially similar to the old ways of doing things. For example only 10 years ago they still used hand-written ledgers. As with Bank A, the banking was carried out within the branch-customers were of the branch and not of the bank. The changes in the role of branches are clear even from their physical make-up - the main part of the branch used to be the back office, where all the space was needed for the processing operations. Now all the processes go through centralised centres, the branch is for customer service and so the majority of it is given over to customers.

The bank's whole structure has changed over time with the main changes in Retail Banking. The changes are at a functional level - moving from generalist to specialist employment - whole layers of management have been removed (particularly middle-management) and replaced with broad bands. There are now about 8 layers of management, previously there were 17. The break down of layers of employment is broadly:

- director of retail banking - 1
- regional retail director - 8
- chief managers - 35
- retail managers - 150
- sales force - 800-1,000
- resource managers - 150

- customer service managers - 700+
- customer service staff (including support staff) 9,000+

There are two main areas of work within the bank. The first is the sales force, which are the customer adviser network. This has within it a regulated sales force to provide advice on complex financial issues - there is also the unregulated part of the sales force. The other main area is the customer service staff.

Since 1992 the total workforce has been reduced by about 20%, some through early retirement and voluntary redundancy. No clerical staff were made redundant, all losses were from the management population. Staff numbers went from 17,000 to 14,000. The staff used in the new structure were existing staff.

The entire management workforce were asked to apply for redefined roles, and the vast majority of the older age group (50+) volunteered for early retirement. If they did not take early retirement there was a need to take on new and different skills. People who were aspired to be traditional bank managers did not feel inclined to stay involved in the new structure. Part of what was done was to remove the lending/sanctioning power of the bank manager, as in Bank A.

The lending/sanctioning powers were transferred to the centralised operation. There is now a business lending unit, a commercial lending unit, a personal lending unit. The branch operation now, is the same as Bank A - to produce the paperwork for the appropriate lending unit to make a decision. There is no longer a traditional culture of deciding about money. So many senior staff decided to take the early retirement package offered.

The bank does use consultants and outsourcing to a limited extent, although not to replace internal functions. There is some use of management consultants, and the whole of the major change programme from 1992 was handled by a team of management consultants working with the bank's own staff, setting up an 'emergency task force'. The outsourcing/out-working with external suppliers are drawn on when the existing force needs to be supplemented, for example when there are surges of demand (e.g. technical knowledge). The bank has also used external consultants when there is a 'expertise need': when bringing in an 'outside expert' will be seen by staff to lend credibility to executive decisions.

In the new area of 'supermarket banking' the bank is involved in a joint venture with a leading supermarket chain in the UK, selling the bank's products and services within the store. The staff are not bank staff but supermarket staff, although the bank has an input into their training in this area. The bank's role is to provide expertise, products, credit capability and lending services. Credit assessment is done by the bank through the supermarket staff.

The bank also has a joint venture with a leading insurance company which will expand the range of services both are able to offer.

An advanced Internet service is being developed by the bank for customers to encourage them to carry out their banking via computer. Despite some worries about encryption, simple and safe facilities have already been introduced. Home banking is already available and the customer can have a screen in their own home to set up standing orders and carry out simple functions.

Another business development is the introduction of ISDN links between the bank and companies which bank with it. The ISDN link means a direct and secure link to the bank. The company can therefore carry on its banking via the computer on a direct link. The facility can also be extended to personal customers of the bank who work within the company, to provide 'home-banking at work'. The advantages to the bank are that the potential benefits to the employees may mean more decide to bank with them.

4.2.2.3 Personnel profile, management style and culture of organisation

At the time that the change programme was developed, the financial services sector was suffering the effects of world recession. The bank was substantially affected by this.

There was a need to make urgent changes to the retail bank in order to ensure survival in the marketplace.

When the changes were introduced, the staff were consulted about where they wanted to be located when the bank changed. Like Bank A, there are many people working at the 'bottom' of a relatively flat structure. There are some opportunities for vertical progression, but these are limited and based on performance, not time-serving. It was envisaged that for those who did not qualify for performance-based progression there would only be a long term career if they were happy to stay at a similar level for a long time. However, there are already people who have been in the same role for 3-4 years so there is interest now in how to develop the roles.

There is relatively low turnover in the organisation (about 18% in overall terms) and most is in customer service up to Customer Service Manager, above this it drops off. There is movement out of the organisation, but this is not the norm.

There is a gender split of about 6:4, women to men. The change programme altered the profile of junior management quite substantially. The revised roles were designed around a competency framework and women had equal opportunities to do well. In addition, the middle-management wastage was mainly male jobs, and there have been more women appointed to senior positions in the bank recently. Some of the chief managers in the retail bank structure are women now, this would not have been the case pre-1992. More women are attracted to the customer service area, although not full time. They tend to work hours which fit in with their family and social arrangements: for example they may work 12-2pm. There was limited part-time work before, but now it is much more common. There is a forecasting system to identify peaks and troughs in branches so staff resources can be directed to appropriate areas.

The age pattern has also changed as a result of the programme. The package of benefits was attractive to those with long service, but it is difficult to know whether the 'young' workforce will persist. Many roles are filled by younger people compared to 1991 but it depends on how many move to a position where they can see an alternative to banking as a career. It is no different from any other sector: when there are family responsibilities they will not want to move. There still are golden handcuffs, where the benefits lock the staff in to their jobs. However a review of benefits and rewards is currently under way. Although the outcome is not decided, it seems likely that there will be a move towards a 'cafeteria' system of benefits to replace the traditional financial sector benefits.

Terms and conditions have changed significantly in the new system. For example, a number of new forms of employment have been introduced (e.g. job-share, on-call staff [17], flexi-time staff, short-term contract staff). The reward structure has been developed to help deal with the fact that the organisation has fewer opportunities for vertical progression, and therefore broad bands have been introduced which constrain a series of salary increments, based on performance. More people get private health care than before - it is no longer exclusively a higher management benefit. More people also get a company car, though this benefit is now provided on the basis of need rather than status. There still are the beneficial bonuses such as cheaper mortgages, but this is currently subject to review (see above).

4.2.2.4 Implementing technological and functional changes and recruiting

The bank commenced their change programme in 1992. The first step was to design the jobs and roles that the organisation would need to be successful. The second step was to identify the right person for each role. The selection for the second stage was from the existing staff. The organisation was committed to keeping as many staff as possible, and most redundancies were from the management population which ceased to exist following restructuring.

Many of the older age group in the bank volunteered for early retirement. They were eligible to apply for new roles, but in many cases this would have involved the acquisition of different skills, as well as the loss of some existing skills.

All staff who remained in the organisation were retrained. The first stage of retraining was the change communication programme. This used both face-to-face, paper and video media and was two-way so that all staff questions could be addressed, all questions and answers were published. The information provided made it clear to all staff exactly what the next steps in the programme were, and what processes for selection would be implemented.

The training and personnel departments designed roles through a competency framework and staff were then given information about the new roles. This was done through a mixture of written information and job fairs. The job information included a description of the content and level of the job.

Although the bank decided to recruit and train existing staff, some new skills were needed. Programmes had to be developed to provide the required skills and competencies. Learning provision was developed to meet the shortfall. Intensive training began in 1992, and three years of very high levels of staff development followed. The bank is still involved in delivering a range of different performance improvement measures (e.g. using multi-media, one-to-one coaching, open-learning, traditional training delivery).

Training strategy for staff has become more focused on individual performance. It is tailored to the specialisation, using training targets which are appropriate to the work done and therefore not necessarily based on traditional banking skills. For example, retail competencies, training competencies and administration and customer service standards are recognised. There is no longer a focus on financial skills in many of the recruitment areas. Despite these moves by the

[17] "On-call staff" are a pool of trained banking staff who are not permanently employed by the bank, but who may be called upon to work at short notice.

bank to train for appropriate skills, there is a broad perception by staff that they are 'bankers' still. This is frustrating for the bank, which has a policy of training staff to be flexible and consider progression in related fields. In terms of competencies, related fields are more likely to be in retail than banking.

The bank introduced a rigorous, competency-based performance management system. Key Result Areas are identified which are the main parts of the job and then objectives and competencies are identified for each of these. The performance management system rewards performance, but enhancement of performance is also encouraged. Each staff member is given a personal development plan document which is used to identify their development needs in terms of what they need to be able to do and what new performance will look like. Most of this planning work is done with line managers.

Line managers work out what training needs are for the staff, whether distance learning is possible, and whether there is a need for off-the-job training, etc. As an example, the Resource Managers are trained in skills and develop expertise to be able to deliver appropriate training to their own staff. The Resource Managers discuss training needs with their staff identifying the most appropriate learning solution. They may deliver the training themselves (for example, within the branches there is a system of deferred opening where one morning a week the branch is closed for up to one hour to allow training), or direct staff to appropriate distance-learning packages etc.

Some staff training is compulsory- for staff who legally require qualifications to do their job, inability to complete the qualifications within the required time means they will be unable to continue their job. Generally staff training is offered for all staff on particular processes that the bank wants them to use, and all staff must attend these sessions.

Training not directly required by the organisation, undertaken for the employee's, own development is seeing a shift from direct support by the bank, with time off, to personal responsibility. The Head of Learning Technology is keen to introduce a system where the employees will pick up much of their training from their computers, using interaction and applied learning techniques. However, there is limited access to computers is currently limited. Priority is given to enhancement of performance in the current role, rather than broader staff development aims. It is likely that staff will have after-hours and weekend access to computers when they will be able to extend their own personal repertoire, even if it is not related to their performance in their current role.

4.2.2.5 Pressures for change

Before implementing the changes, the financial services sector was suffering adverse effects of recession, and the bank was substantially affected by this. In 1991 they made £6 million profit in 1991, with a share price below £2.00. Now the share price is around £8.60 and the profit target is £1 billion. In 1991 there was a slump in the financial sector, the country was in recession and the bank was running bad debts at about £1 million per day. Their costs were higher than those of their competitors, and deregulation of the industry had made things very competitive. The bank brought in American consultants to manage the change. Teams of the consultants with the bank staff worked for three years together with the staff. The consultants' fees were significant at a time when bank profits were minimal.

4.2.2.6 Advantages/disadvantages of change

It was a challenge to use existing staff to fill new roles as existing skills were considerably different from those required. It is likely that the bank would have preferred a 'clean slate', if that had been possible. It certainly can see the attraction of setting up a subsidiary electronic/telephone bank which avoided this requirement. The problem of using existing staff is not just the issue of trying to fit a number of staff with a particular range of skills into new jobs with different skills, and the subsequent re-training and adjustment required. It is also the fact that the bank's whole business ethos has been changed in the restructuring. Clearly, the fact that the bank became at the 'cutting edge' of banking technology when it made the changes meant that there would not be a pool of 'ready made' skilled workers, so skills and competencies would have needed to be learned. However, one problem has been that because the staff remember the old structures and roles there is some 'drift' back towards old ways of doing things, people - particularly at a management level, try and introduce tasks from the old system, which are not required. The old skills are much more comfortable.

Another cultural problem is the psychological contract with the bank that people have brought with them from the old organisation. The employees see themselves very much as 'bankers' working in the banking sector, however the new jobs are almost exclusively sales focused.

The new banking structure also really required new staff, with new skills. This can be seen now where the 're-skilling' measures are being seen to be variably successful. For example, some staff are unhappy in the new roles they have been assigned, and some just are not appropriate the roles they are trained to fulfil. There are still 'holes' in staffing, particularly in the support functions such as Learning Technologies where areas like project management, scripting multi-media, and high level expertise in multi-media technologies are lacking. These are specialised roles which did not exist before the changes, and which still need filling.

The changes introduced in 1991 continue as the organisation goes through a process of learning and development. For example, the new structure still has no department for looking at developing technologies. This is probably because the changes were implemented as a reaction to a crisis, rather than as part of a long-term strategy.

The changes have been very successful. There have been huge increases in profits (see above), at relatively little cost in terms of staff numbers.

The changes have been mostly within the Retail bank. The drives have not been the same in the Corporate bank, where there is still a more traditional approach to banking and relationship management. The greatest fear is that people take the bank's success for granted, become complacent and fail to continue to implement necessary change.

4.2.2.7 Future changes and staffing issues

The trend is toward fewer banks in the future: fewer banking organisations and therefore fewer people employed in banking generally. The trend in the financial sector is to mergers - the Bank is always under threat of being taken over. It is also predicted that joint ventures will become more common, to extend the range of services offered by all parties to the venture.As it is, banks are already extending this range.

There is a strong need not to rest on one's laurels; although the bank is doing well, the change needs to be continuous, rather than a one-off effort.

Options using new technology are being offered to customers, a move away from the intermediate stage like telephone banking. There will still be a need for a high street presence for recognition purposes, but the bank can cut still down on staffing. In five years' time there will be a major shift to banking on the Internet. It is likely that people will feel more confident with their money, and will be less conservative about moving it around. In fact this could lead to people within Europe, if not more widely, choosing to move their money to non-UK banks (or encourage others to bank in UK). The bank itself will need to address its technological short-fall in terms of staff and make sure that it has enough people who understand the changes in the market place.

4.2.3 Case Study 3: Bank C: International investment bank

4.2.3.1 Context of the bank, and conditions in which it operates within the UK

The bank was established through the merger, in January 1997, of two existing banks within a single umbrella organisation. They are both international investment houses. The bank employs 11,000 people world-wide. The parent bank has been around for 20 years.
The bank has the following divisionss:

- Trading Division
- Private Equity Division
- Corporate Investment Banking
- Derivatives House

Range of business:

- raising capital for businesses
- investing with bank capital - venture capital
- stocks, shares and foreign exchange - trading
- swaps and options

About 2300 of the 13,000 world-wide staff work in the UK, all of them working in a single building in London. The workforce does not have a recognised union.

4.2.3.2 Change in the bank over time - new technology and implications for staff numbers

Bank C is dissimilar to the first two banks in many ways. Firstly, it is a smaller organisation within the UK than the other two, and its range of operations is very different. However, the bank has undergone a number of changes recently. The overall numbers of staff employed are not substantially different than the sum of the two organisations before; however it was perceived as a 'take-over' of the smaller organisation by the larger, rather than a true 'merger'. The bank is able to comment on pre-merger change as well as changes since the merger in January. The changes in

working practices have been mainly linked to two areas, firstly the rationalisation of staff to cope with the merger, and secondly the changes introduced through the use of new technology. It would be fair to say that the level of change in this sector is not nearly so extensive as it is in the other two areas.

Only 4 years ago there were only 25-40 personal computers between 400 staff in London, and these were Apple Macintoshes. However, since 1994 there has been a personal computer on every workstation so everyone has had to become computer literate. The new computers are not Macintoshes, and run Windows. Within the office, staff have been encouraged to use the IT capability to move toward a paperless office, using email and voicemail, and scanning documents to file on disk. However, this is not appropriate for all correspondence, such as certificates for shares and invoices.

On a related issue, it is assumed that certificates will soon be phased out so that the bank will instead issue a 'statement' of the client's share holdings with the bank. Many banking processes are being automated.

Before the merger, one of the banks had a very flat structure, of only 3-4 grades before the managerial level. However, because one of the banks involved in the merger was an American organisation there was a proliferation of 'managerial titles', with multiple Vice Presidents, Managing Directors and Directors. So there has been a slight increase in levels since the merger for the other organisation. However, in comparison with other parts of the organisation operating elsewhere in Europe the UK operation is certainly a flatter structure, and less traditional. One of the reasons for this is that the markets they are trading in are fast-moving and so there needs to be a faster response rate. Also, the organisation here is relatively small, compared in particular to the parent company in Switzerland, so it is possible to operate more flexibly.

There will be some changes in the near future, one will be the trading room with the introduction of EMU. There will be a lot less foreign currency trading, and so jobs will be lost; however, on the whole the bank sees itself as part of a trend to reduce the overall numbers of banks, and therefore of staff through mergers and acquisitions.

Before 1990 the bank had a very small turnover, perhaps half of the national average. But in 1990 there was a massive change in clerical staff. Within five years, 80% of the people working there were new to the organisation. Partly this was managed through erosion and natural causes. There were some redundancies, but also recruitment and a rise in the overall levels of staff.

Although levels have remained more or less the same, this is not expected to continue. Certainly where there are duplications these will have to be resolved. There is no need for two finance departments, for example. The move to a larger organisation has meant an increase in specialisation for staff.

A small part of the current work is out-placed, and these are the non-critical parts of the business, for example the printing, catering, messengers and the mailroom service. There is also buying-in of software packages. The software applications are not necessarily used across the whole organisation; a number of them are UK specific. Without doubt some of the big changes to come will involve the standardisation of processes world-wide, which means there will be constant change in the organisation.

The complexity of the banking services involved in this type of banking means that the front and back office functions are considerably more complex than in the Retail Banks, and therefore there is still a need for high levels of individual expertise and staffing.

4.2.3.3 Personnel profile, management style and culture of organisation

Although the constituent banks had to undergo some restructuring because of the merger, it is still too early to be able to predict what the result of the merger will mean for staffing. However there are some trends.

There is a move to employ more people on fixed term contracts than on permanent contracts. The bank sees this as beneficial because it means that they can employ someone on a relatively short contract and assess their performance before deciding whether to commit to a longer contract 'I don't have to rely on a half hour interview'. Sometimes the bank will then issue a permanent contract. There is also a move to use more fixed term contracts to allow a degree of 'stretch' or flexibility in the bank. The IT departments particularly have a high number of short term contract workers.

The terms and conditions have changed. Prior to the merger there was already a move away from traditional banking salaries plus benefits to a system of cash benefits, incorporated within the wage. The range of benefits before was substantial but the bank is happy to see a move to more flexible benefits and believes that traditional perks like mortgage subsidies are likely to go. There are many reasons for this. The bank sees the mortgage subsidy as having arisen from the high street-retail sector where such loans are part of the banks' main business. In corporate and international banking it is more of an anomaly. Wage levels within the bank are relatively high, which mean that the compensatory benefit of mortgage subsidy is not necessary.

The average age of workers, as in both other banks, has come down by 10 years recently, as a function of the change over the last five or six years.

The gender balance of the organisation is not even. The investment banking sector there is still largely male-dominated. Of the 100 professional corporate investment bankers in the department, only two are women. There has been a slow growth in the numbers of women managers working in positions of responsibility, although there are still very few at the top. The front office functions are the hardest for women to enter; the back office has seen substantial growth in the number of women in all of the roles. This, however, is not the case in IT, also considered a back office function, where there are almost no females working.

There is one exception to the general trend of male domination at the higher levels, private banking, where there is a higher percentage of women in front office positions than men (see comments from the Union, above).

4.2.3.4 Implementing technological and functional changes and recruiting

Management and development of all levels of staff goes on, but it is based on current needs, not on career development of staff. There has only been a small amount of re-training. Almost all the

re-training is taking place on the job. There has been no identification of need and followed by programmed retraining excepting the drive to 'PC literacy', which was a mass programme.

The bank has tended to hire in rather than train up. The main reason for this is that international banks are relatively small so it is not generally possible to have a career structure within an organisation of only about 50 people. The City as a whole, rather than the individual bank, is seen as the employer; career progression is between banks, and has traditionally been so.

The bank tends to over-recruit - a degree is not necessary for the work, but there are more graduates around and so those taken on by the bank tend to be graduates. Graduates come into the organisation and train in the particular area which they are recruited to - for example training or finance. In most cases once you enter a field you stay there.

4.2.3.5 Pressures for change

The change, in terms of the structure of the bank, has come as a result of a merger, but the pressure to introduce new technology came from the automation of the banking sector more generally, as well as from the international nature of the company. The move is to fewer, larger, banks. The merger was in line with this trend.

4.2.3.6 Advantages/disadvantages of change

Loss of culture of the old bank is seen as a disadvantage, keeping ahead of the opposition is seen as an advantage.

4.2.3.7 Future changes and staffing issues

Areas of change are likely to be things like trading. The trading room will suffer when the EMU is introduced. Much less currency trading will be needed, so that area of employment may suffer even more. Generally, the new technology means that the banks will be able to offer the same levels of service with fewer representatives in branches.

Again, in this sector the move is seen to be towards fewer banks in total. The interviewee suggested that there may be as few as ten super-investment banks in the year 2005. These super banks would be enormous. Already there are only a limited number of banks that you can go to raise very large share issues and this number is set to decrease further. Broadly, the loss of employees would be across the whole range - with whole organisations disappearing. The commercial banks are not at the sharp end of change, but they are not far behind.

4.3 Conclusion

In this report the issue of employment change in the banking sector has been examined through the use of detailed case studies. Clearly, the last five years have witnessed immense changes in both the type of employment found within the banking sector and in the profile of people employed in the sector. It has also illustrated significant differences between the retail banks and the commercial sector. Change in the competitive field of retail banking has been radical and extremely quick, and has capitalised on the potential of new technology to simplify job roles.

substantially undermining the traditional 'professionalism' found in the sector. Within the commercial sector, where accounts and business decisions are more complex, the value of the skills of the individual in making decisions and managing accounts is not yet subject to the same high levels of automation.

Within the retail sector in particular, the main skills needs have shifted from their traditional focus of financial ability and training to gain banking examinations, to a strong customer-service and retail focus. The bulk of those employed by retail banks now are involved in selling financial services to customers, rather than helping make financial decisions, many of which are now fully automated and dealt with centrally. This trend is clearly seen in both of the retail banks studied.

IT skills needed in the new style retail banks are not high-level. Although most employees may use computers, they are generally using simple screens and simply accessing and entering information. There is evidence of some higher level employment in the development and maintenance of systems, but the numbers employed are not significant.

The entry-level qualifications required by the retail banks, for the bulk of employees, is not now pitched at particular formal requirements. Evidence suggests that more attention is paid to communication, social and retail skills. There are, still, graduate entry positions, but these are few in numbers.

The reports all show very clearly that change is due to pressure put on the banks - both of the retail banks were performing badly and change was introduced to give them the competitive advantage of being at the 'cutting edge' of the industry. The commercial bank's experience of change came as a result of a merger, an increasingly common phenomenon in the current climate.

Significantly, both the retail banks which were examined reported that they had intentionally 'lost' a large number of their older employees when they introduced the changes to their banks. These workers, mainly men, held positions such as local branch managers which were to be profoundly affected by the changes made. The introduction of IT to make decisions about lending and borrowing meant that all of the traditional expert power of these managers would be redundant. The banks considered that offering them substantial incentives to leave employment (such as generous early retirement packages, and large redundancy settlements) could also effect a 'culture change'. The bank would work more efficiently without these older, more conservative employees still within the organisation.

Interestingly, in both of the retail banks considered the emphasis was on 're-training' of the bulk of employees rather than wholesale redundancy. It is notable that several experts at 'Bank B' said that in an ideal world they would have liked to have simply replaced the workers with others who had less loyalty to, or knowledge of, the traditional banking career and ethos.

Both retail banks considered that the staff had had to undergo a traumatic cultural change, where their previous training in helping people to manage money had to be replaced with training to induce customers to try 'new produce' such as loans and insurance. This was certainly seen as a significant problem in managing change.

The most significant problem for both retail banks from an HRD perspective is the lack of potential progression routes for personnel. The new structures employ many people at the lower

levels, who have quite general skills. However, there are very few higher level jobs, and those which exist are increasingly specialised. There is evidence that there may be little possibility for internal progression to these higher level jobs, with specialist recruitment taking place for these positions. All banks, including the commercial bank, felt that the idea of a 'job for life' was no longer realistic.

Although both retail banks felt that they were developing transferable, general skills in their staff that would be useful in alternative fields of employment, this is at odds with the employees' own perception that they are employed within the financial sector, and therefore they are reluctant to move to other retail or customer service areas.

All case studies indicated the importance of continual change and introduction of 'cutting edge' technology. The reward of constant innovation was seen to be continued survival in an increasingly cut-throat environment. For the retail banks the national environment was becoming increasingly competitive, with new players moving into the banking sector, and an increasing number of mergers between different financial institutions taking place. For the commercial bank the situation is similar, but globally, the competition between commercial banks is fierce and the trend appears to be towards fewer and fewer but larger and larger banks, both the reduction in number and increase in size being achieved as a result of mergers and acquisitions.

Overall in the banking sector, the trend in numbers employed appears to be significantly downward, and with the prediction from one bank that a move to using the Internet as a significant means of customer-bank communication this trend looks like continuing. Currently the majority of banking staff work in customer care and interface roles. With 'virtual banking' such personal contact will cease to exist.

5. FRANCE

5.1 The French banking system

The main function of banks was originally to collect deposits and supply credit, acting as an intermediary between savers, entrepreneurs and consumers.

This initial function has been supplemented by a range of activities including the sale and purchase of currency, cash position and asset management advice, insurance, issues of securities, financial packages for international operations, etc.

Structure

French public and private credit institutions differ according to their status and purpose and according to the regulations imposed on them by the State. They include:

- Commercial banks[18], operating nationally or regionally, forming part of the employers' association AFB[19] (Association of French Banks) and offering a whole range of products for a very broad customer base: BNP[20], Société Générale, Crédit Lyonnais, Société Marseillaise de Crédit, etc.
- Co-operative and mutual banks: the regional Crédit Agricole banks, the Crédit Mutuel banks, the co-operative savings banks, etc.
- Finance companies, specialising in financial activities, leasing, securities management, property financing, etc.
- Financial institutions authorised by the State to carry out a particular task: Crédit Foncier de France (a kind of State building society also acting as the mortgage regulator), Crédit Local de France (granting investment credit to local authorities), regional development companies, etc.

The State itself also carries out banking activities through public fund-raising agencies such as saving banks, the Post Office and the Consignments and Loan Fund, which are not subject to the same product supply or taxation constraints as other banks.

Workforce and economic importance of the sector

In 1996, the sector employed a total of 404 500 employees, the AFB accounting for 216 200 of these.

The four largest deposit banks: (Crédit Agricole, Crédit Lyonnais, BNP, and Société Générale) carried out over 50% of banking transactions and employed over 50% of total personnel.

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[18] In France, the term commercial or "all-purpose" bank includes commercial and merchant and investment banks, in contrast to the United States where they are differentiated.

[19] *Association Francaise des Banques*

[20] *Banque Nationale de Paris*

Since 1987 the number of branches has been declining (from 2152 to 1382) as has the number of employees (from 431 000 to 404 500). While AFB personnel numbers have fallen on average by 2.5 % per annum, figures for the Crédit Mutuel and savings banks have continued to increase at annual rates of 0.8 to 1.9%.

Three French banks are among the 20 leading banks in the world and seven are among the 25 leading institutions in Europe in terms of equity.

French banks are represented in 84 countries with 463 subsidiaries, 1 960 branches and 60 200 staff. 186 foreign banks are also operating in France, half of them from Europe.

Table 10: Profitability of banks: an international comparison

AS % OF BANK PRODUCT	1980	1985	1990	1993
United States				
Net profit/equity	13.6	11.2	7.8	14.6
GNP/balance sheet	4.8	5.5	3.9	6.1
Japan				
Net profit/equity	7.8	9.4	6.1	2.6
GNP/balance sheet	2.2	1.9	1.4	1.4
Germany				
Net profit/equity	5.7	8.9	6.4	6.1
GNP/balance sheet	3.9	4.8	4.5	3.2
United Kingdom				
Net profit/equity	N/A	14.0	7.7	12.0
GNP/balance sheet		4.9	5.0	5.1
France				
Net profit/equity	10.0	7.3	6.0	0.1
GNP/balance sheet	7.1	6.5	5.1	3.9

Source: OECD all commercial banks

French banks appear to be less profitable than banks in other countries and seem to be handicapped by several interconnected factors: low margins on income from brokerage, taxation on private banks which is higher than elsewhere, labour costs arising from surplus personnel and, in some cases, property speculation. According to AFB officers, there would seem to be distortion of competition in France between private banks belonging to the AFB and saving banks and the Post Office. These distortions arise from products that are or are not authorised by the State and from the taxation applied to transactions.

Table 11: Structure of bank operating charges: an international comparisons

AS % OF GNP	1980	1985	1990	1993
United States				
Operating costs	66.5	66.3	67.3	63.6
Personnel costs	35.2	32.3	30.1	26.5
Other costs	31.3	34.0	37.2	37.1
Japan				
Operating costs	76.8	69.0	67.5	74.8
Personnel costs	46.8	39.4	35.9	39.4
Other costs	30.0	29.6	31.6	35.4
Germany				
Operating costs	74.8	62.9	63.7	61.1
Personnel costs	52.2	41.6	40.6	37.9
Other costs	22.6	21.3	23.1	23.9
United Kingdom				
Operating costs	N/A*	65.4	65.9	62.7
Personnel costs		39.1	37.5	34.6
Other costs		26.3	28.4	28.1
France				
Operating costs	67.4	70.0	68.3	69.3
Personnel costs	45.9	45.2	41.2	39.3
Other costs	21.5	24.8	27.1	30.3

* Not available

Source: OECD (a) all commercial banks (AFB banks + mutual bank network in France).

French public banks, under State supervision, consider that their profitability is handicapped by the legal constraints to which they are subject as regards decisions to reduce staff numbers or to reduce the number of branches.

Similarly, there are distortions of competition between European banks, for instance those arising from social security charges on pay and those arising from levels of commission on market operations (higher in Britain than in France).

The comparative return on equity (ROE) is as follows:

Table 12 : Comparative return on funds

	FRANCE	GERMANY	NETHERLANDS	BRITAIN/UNITED STATES
ROE	7 to 9 %	10 to 12 %	15 %	15 to 20 %

Source: M. Peberau: Atouts et handicaps des banques françaises (Assets and handicaps of French banks). Les cahiers de l'Institut de l'Entreprise, 26.

The OFCE[21] considers that the banking crisis is predominantly due to the inadequacy of procedures for supervising institutions' exposure to risk. External or internal supervision? "Recent developments in international co-operation in this area seem to be moving towards placing greater emphasis on in-house controls within institutions".[22]

5.1.1 Banking sector issues

A. The new rules

There have been major changes in banking activities over the last 15 years bringing about a drastic overhaul of markets, relationships between operators, organisations and working processes.

If they are to grow or stay in business, banks need to adapt at an ever faster pace to these changes, a brief review of which is given below:

- **No longer the only intermediaries**

Banks are no longer the only intermediary for placing or borrowing money and categories of operators are diversifying. Since 1984, moreover, enterprises and savers have had direct access to financial markets.

Like banks, insurance companies can offer savings products and new operators, via mailing houses or real estate promotion companies, run distribution centres and obtain their profits from offering consumer or real estate loans. In response, banks are offering products connected with insurance or real estate loans. These changes have led, among other things, to a growing diversification of products, a contraction of margins and the need for banks to move towards an advisory and service provision role.

- **Market deregulation and internationalisation**

The deregulation of credit and interest rates, the opening up of frontiers, and the move from paper-based to computerised securities have led to a spectacular increase in market activities and have moved part of the savings of individuals and enterprises into security transactions. The number of shareholders has increased fivefold within the space of seven years. New products have appeared (Euro-issues, SWIFT, etc.) and new expert trades have developed[23]. The globalisation of the money and share markets is placing the profitability of traditional commercial transactions on a

[21] *"Observatoire français des conjonctures économiques"*

[22] cf. Jacques Le Cacheux - Letter from the OFCE, 31 March 1997.

[23] We shall return to this in the chapter on employment.

fragile footing and making some client segments more and more volatile. At the same time, this internationalisation is providing banks with a development opportunity: they are diversifying their operating structures and exporting part of their trading rooms to strategic stock exchange locations.

- **The development of computerised networks**

The marriage of information and communications technology is helping to develop networks via which remote transactions can be carried out on-line on a world-wide scale.
It is becoming increasingly necessary to invest in computer hardware and software and to develop new secure transaction procedures to keep up with competitors with the result that many small banks are going under. Investment in IT is nowadays the second biggest expenditure item of French banks, after wage costs.[24]

- **Transition to the euro**

From 1 May 1998 to 2002, banks will be able simultaneously to use the franc and the euro for their transactions, although the AFB estimates that the gradual transition to the single European currency will cost banks a total of FF 20 billion, 10 billion of which will be channelled into the development and updating of computer systems and the remainder into customer information campaigns and employee training. The euro, replacing the dollar as an invoicing instrument for trade within Europe, will lead to a loss of commission on exchange operations (a reduction of 43% according to the AFB), equivalent to a reduction of 1.3 % of the net bank product. In return, it is expected that cheque and deposit payments will be harmonised in Europe.

While preparations for the euro are, in the first instance, a matter for data-processing experts, management and commercial teams will have to be able rapidly to construct new and competitive answers, at European level, in order to guard against increasing activity by independent funds managers in France or the risk of migration of market activities to other centres.

In terms of employment, it seems likely that the jobs of foreign exchange dealers and back-office employees for market operations will be threatened (several hundred employees will be surplus to requirements every year from 2002, according to the employers' associations). All sales and advisory jobs could, however, benefit in the long term from the foreseeable increase in activity brought about by the extension of the domestic market to the frontiers of the Euro zone, which will promote the creation of new products and the growth of new distribution channels.

B. Improving performance

A whole range of methods is nowadays being used to improve productivity and economic performance: concentration and scaling down of the number of branches of commercial banks, alliances with other French or foreign partners in order to acquire greater power, outsourcing or subcontracting of certain activities, staff cuts, more flexible working hours and client-oriented organisations. All these methods require appropriate social strategies and have an impact on bank employment.

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[24] We shall return to this in chapters on the new information and communications technologies and banking activity.

- **Scaling down networks**

Following an increase in the number of branches throughout France between 1950 and 1980, banks are now moving in the opposite direction and are merging in order to reduce their real estate and labour costs.

In parallel, banks' networks are being reorganised by differentiating branches by size and preferred customer segments (from 21 regions to 9 in the case of the Crédit Lyonnais and from 94 to 35 in the case of the Crédit Agricole).

- **Forging alliances**

In a global market, power and complementary know-how are tomorrow's assets: this applies to the alliances between Indo-Suez and the National Crédit Agricole Bank, between the Crédit du Nord and the Société Générale and between the Crédit National and the BFCE[25]. Mergers, accompanied in most cases by staff cuts, are also taking place in the insurance sector.

- **Reforming organisations**

Organisations are being changed by successive waves of reforms intended to improve productivity and meet customers' needs and to improve data processing and reduce decision- making times.

- Improving productivity: by slimming down of middle management structures and subcontracting cheque processing, management of payment means (with data transmission via Transpac), software development, computer maintenance, etc.
- Meeting customers' needs: through vertical organisations, product/client matrices that are no longer locally based, flexible working hours for networked employees and recruitment under part-time or fixed-term contracts, rapid replies to customer needs, the digitalisation of data for file management and the use of computer-aided decision-making tools by customer service advisers.

- **Staff cuts and the redeployment of skills**

Since 1987, credit institutions have implemented staff cuts either to reduce their costs, or to take account of the computerisation of some activities, or even as part and parcel of mergers and reorganisations. Moreover, bearing in mind the profiles of the existing employee population (average age of 45, length of service of 20 years, mostly qualified to a level lower than the baccalauréat), banks are having both to reduce numbers of older staff and to recruit young graduates with the baccalauréat + four or more years, for customer service jobs or jobs requiring financial and computing expertise.[26]

Within the space of seven years, since 1989, close on 30 000 jobs have been lost in banks belonging to the AFB. Taking all banks together and bearing in mind the effects of the new information and communications technologies which are making productivity gains and task

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[25] *"Banque Francaise pour le commerce exterieur"*

[26] We shall return to this on the chapter on employment.

outsourcing part and parcel of everyday activity, it will be necessary to abolish between 40 000 and 60 000 existing jobs between now and 2005.[27]

Table 13: 1993 staff numbers by network compared with their highest level over the previous 10 years

NETWORKS	HIGHEST LEVEL	(N)	1993	COL.3 - COL.4	% TREND
AFB	1986	254 409	226 847*	- 27 562	- 10.83
Crédit Agricole	1990	71 739	69 066	- 2 673	- 3.72
Cooperative Savings Banks	1984	28 800	26 492	- 2 308	- 8.01
Mutual Credit Banks	1990	22 322	22 105	- 217	- 0.97
Saving Banks	1992	35 312	35 245	- 67	- 0.19
Cooperative Banks	1988	1 961	1 975	+ 14	+ 0.71
Cooperative Mutual Credit Banks	1990	1 435	1 280	- 155	- 10.8
Specialist financial institutions	1986	11 422	10 521	- 901	- 7.89
Financial companies	1990	21 700	19 500	- 2 200	- 10.14
Highest total		449 100	413 031	- 36 069	- 8.03
Total	1988	433 041	143 031	- 20 100	- 4.62

* In 1996, the AFB surveyed 216 200 employees within its sphere of activity, i.e. -10 000 over three years

Source: Federation of Employees and Managers. Conférence nationale professionnelle du crédit. Document de réflexion (National Professional Conference on Credit. Discussion Paper). 11-13 October 1994. Force Ouvrière.

Internal promotion flows are slowing down and the long-term qualifying training that went with them, for instance the banking CAP or BTS, is also on the decline.

Aside from redundancy plans and the outsourcing of activities, wage costs are also being reduced by encouraging people to take early retirement, promoting individual and voluntary part-time work, (15% of employees were working part-time in 1997) and in some cases by negotiating a collective reduction of working hours and wages for a unit in difficulty (application of the Robien law).

The trend towards front office customer service jobs has made it possible to redeploy back office workers, often surplus to requirements, into sales and advisory jobs. In parallel, the broader range of tasks for which the "counter clerk" is now responsible, ranging from computerised data processing to individual customer advice, is making this a more skilled job.

Over 10 years, the respective percentage of clerical and customer service jobs has been reversed: customer service jobs now account for 60% of the total and clerical jobs for 40%, and this figure

[27] 2005: the time at which those aged 45-50 today will retire.

will further decrease in the long term. Similarly, between 1985 and 1995, the number of white-collar workers fell by 2/3 and the number of managers increased by close on 2/3 (see the table below).

Table 14: Staff structure

	AFB	
Staff structure[28]	1985	1995
White-collar workers	32.5	10.6
Middle managers	52.7	66.6
Managers	15	22.8
Total	100	100

5.1.2 The integration of the new information and communications technologies into banks

A recent report, commissioned by the Bank of France, clarifies the concept of "electronic banking"[29] and the range of functions that it covers.

Electronic banking, combining computer and tele-communication technology, uses many channels and supports allowing different operators and users to communicate interactively and remotely.

Banks are using this method to offer a wider range of remote services for individuals: transfers, withdrawals, etc., can be made at bank cash machines via the DAB-GAB[30] interbank money networks and the use of memory bank-cards (20 million cards in France). Electronic services can be used, on a 24-hour basis, to check an account, make a transfer, log a share deal or take up a real estate loan: direct banks and call centres are taking over the information, advisory and processing work of branches, using telephone and Minitel or microcomputer connections.

From the point of view of relations between banks and between banks and enterprises, the technological advances that have been introduced by the new information and communications technologies can be seen from the ways in which payment methods have been modernised.

The shift from paper-based to computerised securities and the creation of interbank computerised clearing systems means that several billions of on-line transactions can be handled every year. The SIT system[31], on the Transpac[32] network, via which banks are continuously linked, allows for electronic cash position, security and stock and share management.

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[28] cf. Marnix Dressen and Dominique Roux-Rossi: La reconversion des employés de banque faiblement qualifiés (The redeployment of low-skilled bank employees); Revue Travail et Emploi, 68, March 1996.

[29] cf. "Electronic banking": edited by H. Sitruk, published by the Conseil National du Crédit et du Titre, August 1997.

[30] Automatic teller

[31] Interbank compensation system

[32] National network for a transmitting packet data

Partnerships between banks, enterprises and subcontractors are now being based on payment services via the EDI (Electronic Data Interchange) network, which validates flow management on line.

Internationally, interconnected networks are simplifying fund transfers (for instance SWIFT) and improving reaction times for the routing, confirmation and implementation of decisions. Telematic security devices (for instance TARGET) are being used to make these payment transactions secure.

Changes have already taken place in the stock exchange as a result of independent operators working via their own networks (for instance REUTERS) or as a result of the direct piloting of a market by competing market-makers.

From the point of view of their in-house work, the Intranet is helping banks collectively to gain efficiency by allowing them interactively to put to use all skills involved in the design and management of the product supply. Similarly, connections between sales staff and experts from central divisions, using software which provides a better picture of customer behaviour, are making marketing approaches much more effective.

The handling of physical media (credit files, invoices, etc.), is being replaced by electronic information management which is bringing about productivity gains and more reliable on-line management of transactions.

While potentially promising, transnational electronic trade via the Internet, does not at present seem to be a key development area for French banks. The question of the security of payments (for instance the KIE-line project) is a key issue in financial exchanges.

As Albert Bressand[33] has stressed, banks perform three simultaneous roles when operating as networks:

- the role of operator,
- the role of supervisor,
- the role of user.

Banks perform exchanges and transmit information, supervise the validity and security of transactions and use the supports and circuits underpinning their activity for their own purposes.

[33] Albert Bressand: Réseaux électroniques et nouvelles formes de coopération entre intermédiaires financiers (Electronic networks and new forms of cooperation between financial brokers), Revue Problèmes Economiques, 2462, March 1996.

5.2 Interviews

5.2.1 Enterprise A: telephone bank

The bank employs 100 people and is a subsidiary.
BNP, Crédit Lyonnais, Paribas, Crédit Agricole, CCF[34] and others have set up "telephone banking" units in order to improve customer services for young customers for whom the new information and communications technologies are not a problem and who do not go to their own banks very often.

Enterprise A was set up in September 1994 with 25 employees. It now has close on 100 employees and 2000 customers (a growth of approximately 25 jobs per annum)[35]:

Via telephone, Minitel or telephone and Internet connections, customers can make transfers, look at the balance of their accounts, obtain statements, sell and purchase investment funds and ask for on-line advice about a loan, a savings or insurance product or make changes to their portfolios.

The bank itself distinguishes between "incoming calls" initiated by customers who receive information or advice and "outgoing calls" initiated by the bank in order to solicit new customers or market products.

The supply is made up of 40 main products, in comparison with 300 in a traditional bank.

The computer architecture makes it possible to identify customers and monitor trends in their needs, enables automated contracts to be generated on line, allows customers to be passed on from the telephone centre to a range of partners - for instance group companies specialising in different aspects of its activities (consumer loans, real estate loans, insurance, etc.) which look at the problem in more depth and use expert systems to provide information on which decisions can be based.

Call-centre employees are "customer advisers" with the baccalauréat and up to two years' experience, recruited after initial job experience but without specialist knowledge, who receive multi-skill training. Their initial training lasts three weeks (commercial training + computer training + product training) and includes on-the-job monitoring. They progressively integrate front-office tasks (advice, information, sales) and back-office tasks (customer information processing, file handling). The call centre is open on a 24-hour basis, six days a week, and work is organised around these times.

The teams (four teams of eight employees x six hours) work in shifts on a rolling basis, are paid on the basis of 39 hours, but have to work, depending on the case, 27 hours (night team), 35 or 37 hours. When it was set up, this organisation derogated from the 1937 Decree prohibiting shift work on a rolling basis and night work in banks and led to a dispute with the branch trade unions which was resolved by a negotiated agreement.

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[34] *Credit Commerciale de France*

[35] "First Direct" in the United Kingdom, set up in 1989, has 2000 employees and 600 000 customers.

The official repeal of the 1937 Decree some months afterwards was accompanied by a number of benefits for employees, in particular reduced working hours and guarantees of job security and occupational advancement.

These telephone operators can in principle expect to move on to network adviser jobs (vacant posts are advertised) but on the basis of three years' experience turnover seems relatively high.

In terms of productivity, this bank considers that:

- A client is "processed" in 1'30" instead of 7'10" at the counter.
- A telephone job replaces 1.4 to 1.7 counter jobs.
- The computerised processing of customer calls will lead in the long term to more efficient marketing strategies by customer segment.
- Technological investment has been substantial (FF 40 million in the first year, FF 100 million in the second year) and the business is likely to need seven to eight years before it becomes profitable.
- Management costs, for an equal volume of transactions, are 40% lower than in a traditional bank, largely because of savings from the point of view of the costs of premises and of running network branches.

A comparison of the activity of telephone banks in several countries shows that telephone advice services and the sale of bank products by telecommunications have not as yet developed to any great extent: 2% of products sold in France and Germany, 3% in Sweden and 4% in the United Kingdom in comparison with 24% in the USA.[36]

French network banks that have set up call centres have up to now opted to make this kind of banking a supplement to rather than a replacement for the customer services provided by branches. As these call centres start to operate as networks, with a whole range of support services, it may well be that they become increasingly attractive to young urban professional customers, thereby calling into question any further development of small branches.

5.2.2 Enterprise B: public national credit and merchant bank

In 1996, the bank employed a staff of 38 000 employees in France and has international representation in Europe, the United States and Asia.

5.2.2.1 Organisational characteristics

- Organisation by major market segments:
- individuals and self-employed,
- enterprises,
- market operations.

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[36] Marnix Dressen and Dominique Roux-Rossi: *"Banque Directe" ou la brèche dan le décret de 1993* ("Direct banking" or the breach in the 1993 decree), Travail et Emploi, 68, March 1996.

- real estate financing.
- Separation of customer service and back office units.
- Branches dealing specifically with individuals and the self-employed are located appropriately in residential areas.
- Principle of accountability: one employee attends to all of a customer's requirements.
- Market operations and international activities are managed at corporate group level.
- French banking sector leader in investment in data processing and telecommunications.

5.2.2.2 Main trends anticipated in the medium term

The enterprise takes pains to analyse trends likely to have an impact on its activity and to adapt its strategy and investments to any changes taking place, on the one hand, in the global context and, on the other hand, in competitors' practices.

What changes does the bank foresee over three to five years?

In terms of opportunities:

- increasing use of subcontracting.
- forging of alliances between enterprises and network operation.
- products and services likely to be renewed at a faster pace.
- potential markets and improved reaction times through the use of the new information and communications technologies.

In terms of risks:

- fall in revenue resulting from the euro (estimated at -5%) and risk of surplus staff (currency exchange and transfer operations).
- european harmonisation likely to call into question bank and interbank charges.
- general costs and wage costs higher than those of European competitors.
- large enterprises may bypass the bank and have their finances managed elsewhere.
- national markets may be penetrated by foreign banks.
- increasing mergers of competitors: alliances between British and German banks and insurance companies.

5.2.2.3 Integration of the new information and communications technologies into the bank's activity

These technologies are being integrated into the bank's internal operation, its relationships with subcontractors and its relationships with customers.

- Advances in electronic data transmission and e-mail are encouraging production units and decision-making centres to work in an interactive way, thereby improving the bank's economic development.
- Providing microcomputers for front office employees means that information can be processed at source and subsequent data input on line, thereby lightening the workload of the back office and improving productivity.
- A new computer architecture should make it possible, in the short term, to centralise the management of data on an enterprise and also to avoid delays in the routing of transactions.
- Computer-aided decision-making software is to be made available to customer service advisers, on decentralised servers, in order to anticipate and limit any risks connected with a particular transaction and a particular customer segment ("scoring").
- The partial move away from paper-based to computerised payment instruments (45%), via media such as Relit, Sagittaire and SIT, has made data transmission more reliable and streamlined data handling.

  While a generalised system of exchanges of cheque images between banks and between banks and enterprises is technically possible, it has intentionally not been implemented to avoid abrupt cutbacks in staff numbers.

  The bank does, however, forward cheque image tapes to a subcontractor computer services company for the post-marking of cheques via an optical reader.
- In order to maintain its added value as an intermediary in the management of the financial flows circulating in enterprise networks, the bank is investing in the design of new products and services and a services engineering department responsible for this kind of design has been set up.
- In the capital market, financial engineering is being developed to provide back up for the mounting of complex financial operations for customers and to monitor the risks connected with currency or interest-rate fluctuations. Similarly, new services have been offered to enterprises in the area of international cash-flow management.
- In the area of services for individuals, as well as increasing the number of automated cash machines and interactive terminals, the bank has set up a call centre, accessible via Minitel or the Internet, which is expanding rapidly.

5.2.2.4 Accompanying social strategies

Partnerships with subcontractors

A growing number of activities are being subcontracted for various reasons:

- bringing in specialist skills in the case, for instance, of audits.
- outsourcing of cheque post-marking work from units, providing better cost control.
- SMEs specialising in computer services can make applications software available to shorter deadlines.
- risk control by specialists in the area of logistics and security.

To provide work for units with surplus staff, the bank is also taking in work from subsidiaries and partners (banks and insurance companies).

Staff cutbacks and flexible working hours

The bank analyses competitors and trends in the local and global market to try to anticipate changes in jobs and carries out productivity analyses for each working unit.

Since 1993, an average of 2000 jobs (-4% per annum) has been abolished. These cutbacks have largely affected clerical and accounting staff, but have also included low-skilled computer programmers.

Steps taken to avoid redundancies include early retirement, help with enterprise creation, incentives for voluntary part-time work and the negotiation of collective reductions of working hours and wages (Robien safeguarding law).

Redeployment and mobility operations

A map of jobs was drawn up in 1992, identifying 18 occupational families, 102 trades and 400 jobs and making it easier to find links between jobs.

In the case of back office employees and middle managers, redeployment schemes focus on customer service jobs in branches or call centres: training lasting four to six weeks prepares for redeployment.

Back office redeployment also focuses on cash office and international back office jobs.

As in the case of the other banks, it is very difficult to envisage the volume and profiles of future jobs arising from the organisational impact of the new information and communications technologies.

Skills upgrading

Schemes to train employees to use the new tools (microcomputers, applications software, electronic mail, etc.) have been integrated into the various occupations and offered to all employees in that occupation.

Skills in customer service occupations are also being upgraded and matched to the expectations of customer segments (enterprises, self-employed, individuals). Schemes for the multi-skilling of junior customer-service workers and to provide customer-service advisers (asset managers for instance) with specialist skills in particular customer segments are being run in parallel.

Changes in recruitment

The proportion of young people recruited at the level of the baccalauréat + 5 or more years has doubled. Young graduates leaving commercial colleges or the postgraduate university diploma in finance, lawyers and computer engineers are being recruited in order to consolidate developing occupations and build up expertise (merger audit, risk analysis, computer security, financial engineering).

The enterprise is continuing to recruit at the level of the baccalauréat + 2 years for (part-time or full-time) customer service and telephone call centre jobs.

Table 15: Recruitment of higher education graduates

	1984	1994
Total staff	3.6 %	7.0 %
Management staff	26.0 %	36.0 %
Proportion of recruitment	13.0 %	64.0 %

5.2.3 Enterprise C: Credit and merchant bank

The bank employs a staff of 30 000 employees in France and 45 000 throughout the world, via subsidiaries.

5.2.3.1 Main trends anticipated in the medium term

In terms of opportunities:

- Feeling that "domestic" customers will remain loyal and captive (individuals, self-employed, SMEs) after 1999.
- In the long term, the bank could gain a share of the insurance market.
- Ongoing training schemes mean that staff are readily able to adapt to the new information and communications technologies.
- Alliances with or purchases of companies in Europe and solidly based regional banks in France will enable the bank to become stronger.

In terms of risks:

- The domestic market in France is saturated.
- The international enterprise market is more open but competition is stiffer.
- Paris is not particularly important as a financial centre.
- Back office staff and general service employees are vulnerable.
- The "domestic" network has not received enough training to cope with the European dimension.
- There is a risk of surplus staff resulting from increased volumes of on-line dealings with customers via the Intranet and Internet and from the replacement of the optical cheque by electronic payment methods.
- There is little European monitoring of bank activity in comparison with the Asians and the Americans.

5.2.3.2 Integration of the new information and communications technologies into the bank's activity

The new information and communications technologies have already been broadly integrated from the point of view of its in-house operation, and from the point of view of its relationships with subcontractors and customers.

a) The bank's in-house operation

Investment has provided significant results:

- The centralised computer network is connected to all branches and profit centres and means that the bank's balance sheet can be updated every morning.
- Telephone transactions and inter-branch dealings have been made secure.

As in the case of enterprise B, moreover, providing employees with microcomputers (1 per 1.1 employee) and providing front office staff with high-performance computer-aided expert decision-making systems in the area of loans and investment risks (specific to the enterprise), has helped both to improve productivity and to increase the bank's share of the market.

All network employees and centres can access an Intranet site for information on the enterprise's training activities; in the case of trainees this is supplemented by internal electronic mail.

b) Relations with partners and customers

- SWIFT is secure and accountable.
- Subcontracting is limited to the post-marking of cheques. No subcontracting of IT work to computer service companies as regards "sensitive" products.
- Home banking was set up in 1986, via Minitel and the telecommunications network, enabling individuals to consult their accounts and to carry out current transactions.
- A "direct bank" was set up in 1990 with part-time and full-time telephone operators (200 recruits at the level of the baccalauréat + 2 years) working in teams and on shift patterns.
- The call centre is designed both to solicit new customers and to provide information and advice, referring customers to their branches to finalise prices and terms and conditions.
- Faster provision of automatic cash machines so that the work of branches can focus on customer service operations with a higher added value.

Development in the near future of Intranet and Internet systems simplifying on-line transactions with customers.

c) Accompanying social strategies

- Training accounted in 1996 for 6.5% of the wage bill. Priority is given to marketing, management and redeployment training: a multi-annual redeployment programme has been drawn up and makes provision for 150 people per annum, out of the 2000 to be redeployed, to be trained for new jobs. Priority has also been given to adapting employees to the new information and communications technologies: 8000 people have been trained in 18 months to

adapt them to the new tools and new procedures. The bank stresses, however, its lack of foresight in the medium term and has not as yet made provision for schemes to back up new job developments.

- There is a growing gap between the already highly professional "enterprise bank" focusing on the international arena and the rather insecure "domestic bank" which lacks the expertise needed to cope with the euro and the potential demand from customers.
- Recruitment is focusing on graduates at the level of the baccalauréat + four or five years to fill posts in financial engineering, merger audits and international project design.

5.2.4 Enterprise D: regional public "neighbourhood" bank

The bank employs a staff of 2 000 employees in France ins 160 branches.

The average age is 43, (average length of service 21 years), initial training: is below baccalauréat level, the rate of training is 3.4% of the wage bill in 1996, (12 hours of training per trained employee). The bank has already implemented redundancy plans. In 1998 a new redundancy plan involving a decrease in staff of 15% is foreseen.

5.2.4.1 Main trends anticipated in the medium term

In terms of opportunities:

- In some ways, the bank is taking a gamble. It considers that "domestic" customers will remain loyal after 1999. In the medium term, only a few large enterprise customers will transfer to the financial markets without the assistance of the bank.
- International trade by electronic banking will affect the bank's activity only to a small extent.
- The bank can maintain its in-house activity by:
  - diversifying into insurance;
  - forging partnerships with other banks to set up common management centres.
- It will be possible to renew staff after 2010, when older low-skilled employees have retired.

In terms of risks:

- The bank currently lacks a common vision of its place in a more international market.
- It is unable at present to anticipate future jobs connected with the new information and communications technologies.
- Its inadequate profits may mean, in the long term, that it goes under as an independent enterprise.
- Its current size is too small to support substantial investment in IT.

5.2.4.2 Integration of the new information and communications technologies into the bank's activity

As elsewhere, the front office is currently responsible for some on-line data inputting and uses expert systems to guide and prepare negotiated decisions with customers.

Computerised authorisation circuits mean that undertakings and levels of accountability as regards risks can be relied upon.

Over five years, 400 jobs at 15 clerical units have been reduced to 90 jobs, grouped together in a single central unit.

As regards the management of payment means, interbank systems and the circulation of cheque imaging tapes have led to a 50% productivity gain. Subcontracting is in particular used for the management of cheques, loans and securities. Plans for a joint venture between several banks are being explored in order to improve subcontractor loyalty.

Historically, the first regional bank to offer a home banking service for its customers, the enterprise is now running out of steam as regards IT investment and is offering itself as a subcontractor for non-banking enterprises in order to provide work for under-employed employees, in particular in credit management. For this bank the Internet is at present no more than a "shop window", and it is expecting competitors to develop procedures to make transactions secure.

5.2.4.3 Accompanying social strategies

The bank is managing its current trends by:

- Staff cutbacks.
- Upgrading skills via training, for front office staff, in the areas of customer services and information technology.
- Schemes to redeploy clerical workers are under way in order to prepare them for branch customer service posts, in some cases with badly supported geographical mobility and relative efficiency. The partial failure of some redeployment schemes seems to be due to the fact that greater abstraction abilities are required: some employees find it difficult to absorb the abstraction of computer applications, to manipulate signs and symbols on the screen, etc.
- A reform is under way to extend counter service opening hours and to improve the quality of the service that customers receive.

5.3 What do the trade unions think?

We met the permanent branch representatives of two employees' trade unions to find out how they viewed the situation and how they were preparing for the expansion of the new information and communications technologies in banks in the context of increasingly open markets.

While we felt overall that the unions were able to pinpoint how technology is currently changing bank work, they seemed unable to perceive what impact these changes will have on employment in the medium term. Like several of the personnel directors that we met, moreover, their attitude was more one of safeguarding what they already had rather than one of exploring what could be new sources of work and jobs.

Although they felt that France has proved that it is a technical innovator in the area of electronic currency, Minitel and expert systems, they did not envisage French banks adopting an offensive strategy, backed up by technological and commercial expertise, to gain international markets. Similarly, they did not feel that there was much risk of penetration of the domestic market by foreign banks and insurance companies.

Lastly, they were almost completely unaware of what is happening in merchant banks.

Leaving aside activities connected with transition to the euro, they did not have firm views on common European issues, although they did defend the principle of geographical coverage by banks, in order to underpin regional activity (whether or not this is profitable) and advocated common rules to make transactions secure and safeguard against risks.

In the area of human resources, the trade unions stressed that there has been little concerted action with employers on the employment and training policies needed to underpin technological change; they also pointed to the grading problems raised by the multi-skilled nature of the jobs of some front office customer service workers. They also criticised some enterprises' lack of commitment to the occupational advancement of telephone call centre employees.

The trade unions felt that it was the task of employers to anticipate new jobs more precisely, they also thought that new "off-the-shelf" products and services might help to manage customer needs and would, in the long term, be a way of increasing GNP.

We have attempted, in the following two tables, to summarise and compare how the two unions perceive current trends and what they are proposing.

Table 16: Perception of trends

TRADE UNION A	TRADE UNION B
- Rationalisation of the branch network. - Growth of computerised relationships between banks and their customers. - Drying up of jobs involving low level skills. - Staff cutbacks of 3% per annum at present to 7% per annum in 5 years' time, with early retirement. - Outsourcing of some activities to subcontractors and computer services enterprises. - Foreseeable recruitment low in volume (1%). - at the level of the baccalauréat or baccalauréat + 2 years for telephone call centres, - at the level of the baccalauréat + 5 years for software engineers and commercial or financial engineers.	- More lively competition as regards products and distribution channels: insurance companies, hypermarkets, electronic sales. - Market losses by major enterprises (opening up of the market). - Slowing down of applications: - cheque imaging, - electronic wallet, in order to avoid abrupt staff cuts. - Forecasts of surplus staff: 50 000 between now and 2000: affecting back office and counter staff. - Little penetration of the domestic market by foreign banks.

Table 17: Proposals

TRADE UNION A	TRADE UNION B
• Branch and enterprise negotiation needs to be revitalised	
- Segmentation and specialisation of branches by type of customer. - Not opposed to work sharing with others: computer services companies or subcontractors or complementary partners (insurance companies).	- Involvement at the outset in the restructuring or reform of working hours. - Employers should provide forecasts of jobs and training. - Opposed to partnerships between banks and insurance companies, not keen on further outsourcing of activities because of the risk of job cuts.
• Support for grading reforms in keeping with changes in jobs.	
• Training in the new jobs needs to be stepped up.	
	- Banks should continue to have geographical coverage since they have "a public service mission". - The State also needs to perform its regulation tasks in the area of employment.

5.4 Trends in jobs and training in credit institutions

The new information and communications technologies are bringing about far-reaching changes in the organisation of work in banks, their relationships with their customers and subcontractors and the level of responsibility that each employee may have. They are also changing the speed at which transactions are processed and leading directly to productivity and job gains.

It should be borne in mind, however, that the job trends observed or predicted over the next three to five years that we examine below are not due solely to this parameter, but to the combination of the changes that we have already discussed: alliances or mergers between banks, closer links between banks and insurance companies, rationalisation of networks of branches, streamlining of structures from the point of view of hierarchical levels, etc.

5.4.1 Overall trends in employment

a) Staff cuts up to 2005[37]

The shift from paper-based to computerised banking transactions, immediate data transmission between computers, transfers of money by automatic electronic methods, the use of software to back up loan or investment decisions, and electronic archiving are all decreasing the volume of work and leading to staff cuts.

The industry estimated in 1997 that 50 000 to 60 000 employees would be surplus to requirements between now and the year 2000[38].

What strategies are being used to reduce staffing levels?

Some of these strategies were discussed in our examination of the enterprise case studies. All the enterprises are introducing:

- redundancy aid packages for targeted employees,
- early retirement measures,
- measures to reduce working hours.

Low-skilled employees aged over 40 are being worst hit by these staff cutbacks.

b) Internal redeployment operations

In order to limit the risks of redundancy, banks are investing in redeployment training, in particular to attract back-office or IT employees into customer service jobs in call centres or branches. These schemes have raised problems in some cases when geographical mobility is involved as well.

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[37] Date on which the generation of employees aged around 45 today will be renewed.

[38] Le Monde - 14 September 1996

c) Slowing down of internal promotion

Bearing in mind surplus numbers and the fact that most people are older and have relatively few skills, external recruitment, rather than internal promotion, is being used to adapt to the new technological and commercial requirements. Consequently, long-term multi-annual training schemes are being cut back and career advancement is slowing down (20% of managers were promoted internally in 1990 in comparison with 17% in 1996).

d) Increased outsourcing of some jobs

Work that is being outsourced or subcontracted to SMEs and computer services companies is affecting jobs in the areas of:

- computer maintenance,
- software design or development,
- security and logistics,
- back office and management monitoring.

e) Higher qualification levels

The increasing technological complexity of jobs, together with the diversification of the products and services offered to customers, is both increasing the skill levels required and extending the spectrum of these skills. In branches, therefore, which are moving towards specialisation in particular customer segments, the requirement is for junior multi-skilled customer service workers (computing, sales, knowledge of products and rules) as well as "vertical" customer service workers specialising in a range of products/customers and connected to experts working in central support services.

f) Limited and targeted recruitment

Nationally, an average of 8 000 to 10 000 young people are recruited per annum in comparison with total staff of 400 000. Recruitment is targeted on young people of the level of the baccalauréat or baccalauréat + 2 years for part-time or full-time customer service jobs either in branches or in telephone call centres and on young people of the level of the baccalauréat + 4 or 5 years and university or commercial college graduates in order to upgrade financial, commercial and computing expertise and to support emerging activities.

Table 18: Recruitment in 1995

Employees ≤ baccalauréat	12.6 %
Middle managers with baccalauréat or baccalauréat + 2 years	12.2 %
Managers with baccalauréat + 2 years	32.8 %
Managers ≥ baccalauréat + 4 years	42.4 %
TOTAL	**100.0 %**

Source: AFB 1996

5.4.2 Trends by type of job

We were unable to obtain any statistics on trends by type of job, whether current or forecast. We have tried to summarise trends from the qualitative data that we collected.

The following table shows, for a regional bank as a whole, the respective proportions of the existing occupational divisions:

Table 19: Breakdown of staff by division

DIVISION	1996
Customer services	35.0 %
Administration	27.0 %
Network management	11.0 %
Communications	0.2 %
Human resources	1.2 %
Organisation	0.1 %
Information technology	6.0 %
Logistics	2.0 %
Accounting/management	1.0 %
Insurance/technical	8.0 %
Inspection/litigation	1.5 %
Risk analysis	1.5 %
Marketing	0.5 %
Legal/taxation	1.0 %
Economics/forecasting	1.0 %
Finance	3.0 %

A national bank considers that four groups of activities, including six of the 18 employment families, account for 96% of staff. In contrast to massive staff cutbacks in bank clerical work, some experts are being recruited in the areas of finance, information technology and law.[39]

We have attempted to build on the information that we gathered on trends by type of job, by focusing on declining and developing jobs rather than illustrating all the jobs contained within a banking enterprise.

[39] See Annex 5

Table 20: Trends in jobs in credit institutions - Qualitative approach

TYPE OF JOB	VOLUME	COMMENTS
Telephone call-centre workers	↗	Advice and sales, level 1 (baccalauréat to baccalauréat + 2 years).
Customer service advisers	↗	Advisers specialising in customer segments and types of products or service (baccalauréat + 2 years, BTS in commerce).
Technical and commercial negotiators	↗	Back office experts, in central services, supporting customer service advisers: insurance, real estate, etc. (baccalauréat + 4 or 5 years, higher commercial colleges).
Marketing engineers	↗	Processing of customer data and shaping of supply (baccalauréat + 5).
Clerical and management/back office jobs	↘	Use of decision-making software. + Processing of transactions by electronic data exchange and automatic computer follow-up: for instance, processing of security transactions: from 400 to 50 people.
Counter staff	↘	On the decline because of automatic cash machines and telephone banking.
Financial analysts • Audit • Risk analysis • Financial engineering Lawyers Negotiators	↗ ↗ ↗	Expert trades with transnational skills baccalauréat + 5 years postgraduate diploma in law, finance, etc. few in number but important from the point of view of wealth creation.
IT: systems and software engineers	↗	Ensure that systems are reliable and support banks' ability to adapt to new customer demands (baccalauréat + 2 years to baccalauréat + 5 years). Reductions of low-skilled computer programming jobs.

While the stage that has been reached with research into the impact of multimedia on employment does not as yet make it possible accurately to identify what the new types of jobs might be, we do already know that the new information technologies are making it necessary for enterprises to introduce new management and co-ordination methods, in particular to make relationships with customers and subcontractors more efficient. Information transfer interface and security jobs seem likely to gain importance in the near future.

5.4.3 The impact of these trends on skills

Changes in organisations, processes and the technologies used have had a direct impact on the qualification levels required for all jobs and on the nature of the skills required. Personnel directors stress, moreover, that existing employees with few skills find it difficult to adapt to this new universe of abstract signs and information that is transforming everyday work and relationships with others. Similarly, all employees now have to be able to work within a network, with a whole range of interlocutors and internal or external partners.

The trends observed by O. Bertrand and T. Noyelle, which still apply[40], are reproduced below.

Tableau 21 : Changes in skills

TRADITIONAL SKILLS	NEW SKILLS
Common skills	
1. Stable work in a rigid organisation 2. Repetitive work, well defined and tangible 3. Ability to receive and follow instructions 4. Often isolated individual tasks 5. Narrow time and geographical context	Adaptability to an uncertain and changing environment Ability to do varied and abstract work Ability to take decisions and assume responsibilities Work in a group and interact with colleagues or clients Ability to understand a global system and to integrate within a larger time and geographical context
Specific skills	
Higher level	
1 General skills, general, non-specialised knowledge, priority to management 2 Administrative skills, traditional management role based on authority and a descending hierarchy	New experts. Growing need for highly qualified specialists capable of producing and marketing complex products. New entrepreneurs. Ability to manage and to define strategy, to share information with co-workers and to listen to them, to motivate staff to use advancement opportunities
Intermediate level	
1. Follow procedures applied to specialised administrative operations	Guidance and assistance. Multi-skilled in the knowledge of products and techniques, able to address the purchasers and capable of dealing with complex problems
Lowest level	
1. Narrow skills in inputting and processing data	Trend towards the elimination of simple, repetitive tasks

The streamlining of hierarchical levels in labour organisations, while making all employees more responsible as they put their professional skills into practice, is also making it more necessary for them to work in co-operation with others and to submit to a whole range of procedures that ensure

[40] O. Bertrand and T. Noyelle: Ressources Humaines et Stratégies des Entreprises. Changement technologique dans les banques et assurances (Human resources and enterprise strategies: technological change in banks and insurance companies); OECD, 1988.

the reliability of systems. All existing jobs will therefore have to incorporate transverse and pooled know-how, in addition to the new requirements specific to the job in question.

5.4.4 Vocational training

For fifty years, the French banking sector has upgraded the occupational skills of its employees via long-term training cycles leading to diplomas, such as the CAP (vocational aptitude certificate) in banking, the BP (vocational certificate) in banking and the diplomas of the Institut Technique de Banque (Bank Technical Institute), using the industry's own training agencies. In order to rectify the high drop-out and failure levels in these long study cycles, the industry started to review this training in 1991 and re-designed training routes, making it possible to obtain diplomas by credit units.

Table 22: Breakdown of AFB employees[41] in terms of qualifications (at 31/12/1991)

BANKING QUALIFICATIONS ORGANISED BY BANKS	EMPLOYEES	MIDDLE MANAGERS	MANAGERS	ALL EMPLOYEES IN THE SECTOR
No qualification	72.10	47.60	65.60	55.30
CAP in banking	27.20	33.40	12.10	27.70
BP in banking	0.70	18.50	16.50	15.40
Bank Technical Institute	0.02	0.50	4.10	1.20
Bank higher education centres	0.00	0.03	1.70	0.40
TOTAL	100.00	100.00	100.00	100.0

Source: *Association Française des Banques* (1992)

The CAP in banking is on the decline as there are few candidates for it.

Alongside these trainingschemes leading to diplomas, attended with a view to promotion, for which numbers are declining[42], all the enterprises have training divisions which run redeployment schemes for staff facing problems[43], advanced technical training to adapt existing employees to the changes taking place in their work, management training, etc.

The average investment in training was 4.5% of the wage bill in 1996 and ranged from 3.5 to 6.5%. Employees attend an average of five training days per annum.
Young people aged between 18 and 26, mostly young people with diplomas of the level of the baccalauréat + 2 years, can be recruited and trained under alternance contracts (a regional bank with 5000 staff entered, for instance, into 534 of these alternance contracts in 1994).

[41] The sample analysed included 70.4% of AFB employees and 39.9% of all workers in the banking sector. Source: AFB (1992)

[42] From 40 000 employees per annum in 1985 to 6000 in 1996

[43] Over the last 10 years, 20 to 30% of clerical staff, according to the enterprises, have attended schemes for training in or redeployment to branch customer service or management IT jobs.

Continuing advanced training schemes are being run by the enterprises to provide training in IT developments in the various trades and jobs. Most banks have helped their employees to improve their skills in this area and the volume of computer equipment that has been installed bears witness to their successful adaptation: one computer per employee at the Crédit du Nord, one per 1.1 employee at the Société Générale.

It would seem, however, that no training has yet been offered as regards the changes introduced by telematics and the Intranet and Internet. Bank "technologists" do not seem to be passing on their expertise in the new information and communications technologies to personnel and management and or to be working together with personnel managers to analyse the long-term impact of these technologies on banks' commercial and financial activities.

Information technologists, workers and personnel directors do not seem to have gone very far down the path of a shared vision of the future.

A collective culture on this issue is lacking; this may well lead to delays in training and the necessary reforms of labour organisations.

In contrast, the challenge of the transition to the Euro is mobilising the banking industry as a whole and "Euro training schemes" are already under way in order to prepare employees for the changes that will take place and to help them to provide customers with clear and coherent answers. The co-operative savings banks for instance trained 70% of their 20 000 personnel in 1997 within the space of four months.

5.5 Prospects

The ever faster growth of the new information and communications technologies throughout the world and the transition in the near future to the single European currency will make it necessary for French banks to review their investments, markets and organisations. While French banks have tended to introduce fairly similar reforms, they have at the same time different perceptions of the medium term and the priorities to be met.

Similarities in the reforms undertaken

All banks know that they must implement organisational reforms to improve their productivity, customer efficiency and market intervention abilities.

These reforms include:

- Vertical organisation by client/market segments.
- Reductions in the number of branches and restructuring in the form of "dedicated" branches: simple transactions will be handled by mini-branches, while dedicated branches will deal with specialist advice.
- The regrouping and reduction of central services supporting the network.
- Alliances between banks and between banks and insurance companies and financial operators.
- Greater co-operation with subcontractors and outsourcing of a whole range of activities.

- A better supply of services and greater availability in order to keep customers loyal and to attract new customers.

"Direct banking", on a 24-hour basis, is becoming part and parcel of bank operation and can no longer be seen as an isolated innovation, even though objectives differ. The major French banks often use "direct banking" as a marketing tool to supplement branch operation (except in one case), in contrast to the United Kingdom where the aim has always been to create independent banks replacing networks of branches.

Similarly, widespread IT is now the norm and interactive links between the front office and central services are increasing productivity and customer-service efficiency and improving employees' qualifications.

Different perceptions of the medium term

French professional circles have different views about three main aspects of the future of banks and bank employment, not just from the point of view of their perception of the situation but also from the point of view of the policies that are needed:

- The increasingly international nature of banking activities.
- The new information and communications technologies and the risks and opportunities that they entail.
- The need to compete.

The increasingly international nature of banking activities

While some banks have gained a degree of familiarity with international operation from past experience, the experience of others has up to now been one of stable operation, organised in accordance with national rules, with a loyal customer base whose behaviour can be predicted.

These latter banks are not taking steps to comprehend the customer, product and employment changes that greater internationalisation is introducing.

The potential volatility of customers, attracted by a broader supply, and the dangers of unpredictable competition in the area of the price or quality of services, are not being seen as threat.

The need to adopt an offensive strategy to win over international clients, by modifying organisations, offering innovative products and prospecting for foreign customers in their own countries, is nowadays being advocated only by professionals with merchant banking experience and is a much less common attitude among professionals in commercial and retail banks, particularly those operating regionally.

The new information and communications technologies and the risks and opportunities that they entail

French banks have been in the vanguard of a number of technological innovations over the last twenty years. The integration of the new information and communications technologies into

banking activity now seems to be hampered by the lack of household equipment (20% of households have PCs in France in comparison with 40% in the United Kingdom) and by the piecemeal view, among banking experts, of the risks and opportunities that the new networked working methods entail.

Some experts highlight the costs of investment, the lack of security of telematic transactions, the problems that people face in making this "leap into the abstract", and so on, as reasons for taking a cautious approach; others foresee that the new information and communications technologies will make it easier to capitalise on customer information, will help to renew the supply and will cause the various banking trades to be organised more flexibly in time and space, while stimulating professional skills.

The need to compete

The experts that we interviewed were well aware of the national "distortions of competition" introduced in the past by the different types of status accorded to banks by the State, of European inequalities in the areas of interest rates and levels of commissions on stock exchange transactions and why the profitability of banks differs, globally, from one country to another.

In contrast, only one of the banks interviewed took pains closely to monitor the practices of competitors, in both France and abroad, as regards products, customer-centred organisations, performance levels, etc., as a yardstick for comparison, and improvement, of its performance.

French banks have recently set greater store by customers' needs, drawing a lesson from a saturated domestic market; they have yet to measure themselves against their competitors, especially foreign competitors, to step up their efficiency.

Some of them undertake periodic benchmarking, via their European subsidiaries, but most do not have any form of ongoing technological and information monitoring, focusing on American or Asian enterprises, and do not use the information that they have available to modify the way in which they operate. If banks in other countries were to take the offensive in developing the new information and communications technologies, this would not only make some segments of the French banking market fragile, but would also place their products and performance conditions on a precarious footing.

Employment is the last in this list of uncertainties. Standard employment is in any case likely to develop, skilled work will continue to be outsourced to some extent and customer service jobs and jobs involving expertise will certainly grow as they create significant value for the enterprise, provided that enterprises are able to make good use in good time of the potential offered by the new information and communications technologies.

5.6 Conclusion

French banks are nowadays facing a number of simultaneous changes: in size and investment capacity, in markets and competition rules, in forms of productivity and in technology. The integration of the new information and communications technologies into banking activity is

having a direct impact on choices of labour organisation, on new decision-making processes and on the types of jobs and qualification profiles needed.

"The intangible asset" that is made up of capitalised know-how, speed in responding to customers and monitoring of innovations, is playing a key role in creating a competitive edge in a saturated market. All levels of the enterprise and all trades have a part to play in creating this asset.

While professional skills need to be consolidated in customer service trades which are undoubtedly on the increase, and while employees need to be redeployed away from declining trades, investment is also needed in a new collective efficiency based on the ability to cooperate and network in permanently evolving organisations.

While the new information and communications technologies may help to downgrade employment by abrupt staff cutbacks and by replacing permanent jobs by precarious or part-time jobs, they may also help to upgrade employment by stimulating professional skills and by promoting, through interactive work by partners both within and outside the enterprise, opportunities for new innovative services backing up the conquest of new markets.

French banks have the ability to integrate this new technological complexity which also offers them an exceptional opportunity to modernise their activities. However, appropriate social strategies for all the social actors have yet to be constructed.

6. CONCLUSIONS

As readers will have observed, the banking industries of the various countries are in very different situations.

Overall, however, a certain number of similar trends can be pinpointed.

6.1 Market situation and general trends

A wind of change is blowing through banks in the 4 countries involved in this study, whatever their economic situation, bringing about mergers between banks (e.g. Netherlands and United Kingdom), purchases of one bank by another (e.g. United Kingdom) and in one bank to another (e.g. Luxembourg). In France, the State also holds a substantial share of the market.

The number of financial institutions has declined in all the countries in recent years: powerful financial conglomerates have been set up, especially in The Netherlands and the United Kingdom, and are consolidating their supremacy and imposing their policies on the market. The small independent banks still in the market owe their survival solely to the fact that they occupy a niche or offer local services that are particularly appreciated by a certain type of population (e.g. Netherlands and France).

Banks everywhere are in the midst of change; all the traditional structures of banks are being called into question as they no longer seem to be able to respond as efficiently as in the past to the growing needs of an increasingly volatile market.

- **Structure and volume of employment**

In The Netherlands and Luxembourg, employment is still growing in absolute terms, although in Luxembourg this growth is now on a much smaller scale than during the first half of the nineties.

In the United Kingdom, however, employment has fallen by a substantial 22% since the beginning of the nineties.

The same is true of France where employment in the banking sector fell from 431 000 to 404 500 in 1996 with an average annual decline of 25% in the commercial banks belonging to the AFB - Association of French Banks.

Use of the part-time formula seems to be on the increase in The Netherlands, France (15% of part-time employees) and the United Kingdom, but is remaining relatively stable in Luxembourg. Women account for most of this part-time employment, especially in jobs with low levels of responsibility. In the United Kingdom, a large number of people who would prefer to be working full-time have no choice but to work part-time.

- **Growing competition**

All the banks interviewed in the various countries reported an increase in competition due to the increasing internationalisation and interpenetration of markets.

Banks are therefore having to fight hard and to be very creative to preserve or improve the competitive edge that they need to keep existing customers and attract new ones.

Several methods are being used to achieve this competitive edge:

- Cutting costs
All the banks have analysed their activities in order to pinpoint areas in which costs can be cut. Particularly substantial use has been made of the new technologies in this context.

With the exception of the Luxembourg banks, the banks interviewed now outsource some of their work (for instance software design or development, computer maintenance, security and logistics, back office and management monitoring) to companies outside the banking industry, thereby reducing staff costs.

Banks are also looking for partnerships with other banks as well as with insurance companies in order to achieve economies of scale.

- Faster service
As customers are increasingly demanding, an effort has had to be made to provide a faster service; the new technologies have proved particularly valuable in this respect because of their speed and reliability (accounting software).

- Setting greater store by the quality of the service
Banks in all the countries are concerned to improve service quality and reliability and customer availability; this is obviously having an impact on the skills required from employees.

- Offering new services
All the banks interviewed said that they had extended the range of products that they offer. The Internet is proving to be very useful here as it is an excellent way of gaining an idea of competitors' products, thereby stimulating creativity. It is also a shop window (home page) through which information on banks and their products can be disseminated.

Banks in all the countries are also offering insurance products or entering into partnerships with insurance companies in order to create synergies around certain products.

6.2 Centralisation of administration and decision-making

Clerical work and decision-making have been centralised in most of the countries.

As a rule, and especially in The Netherlands, France and Luxembourg, local branches employing a few employees, but rarely performing work of real added value for the bank, are being closed and branches are being grouped together at larger locations and offering a wider range of services.

In the United Kingdom, for instance, branch managers no longer have the authority to take decisions about loans. They now act as an interface between the customer and central services.

6.3 New strategies

The traditional banking services (simple transactions, payment orders, etc.) are becoming less and less "interesting" for banks. They are increasingly reluctant to allocate their staff to this type of operation - involving a large volume of transactions for a minimum added value - which can now be carried out by customers themselves using the new technologies (computer, electronic mail, modem card). In general, banks would like to encourage customers to perform these transactions themselves. Some banks are envisaging charging for transactions that are dealt with at the counter.

All the counter-based banks are turning more and more away from the administrative towards the commercial. Ideally, this means that all employees should be able to sell the products of their bank enthusiastically. This is why a substantial proportion of the staff to be redeployed has been or will be channelled into work of this type. This development is particularly clear-cut in the United Kingdom, France and The Netherlands but slightly less so in Luxembourg.

Most of the banks interviewed also felt that the private customer market had the highest growth potential despite competition in this market segment.

Banks have therefore strengthened their management teams by recruiting new staff and redeploying staff employed up to now in areas that are on the decline (for instance the back office) and by raising the skill and performance levels required: handling larger volumes of customers, increased "productivity" (see the British, French and Luxembourg reports).

6.4 Careers in banking

As the respective reports point out, the banking sector is in the midst of changes - more advanced in some countries than in others - that are having a substantial impact on the individual.

Looking here at the notion of banking careers, our interviewees all agreed that banking careers in which people start at the bottom and rise, after a number of years of experience, to management levels, are antiquated or at least no longer the norm.

Career advancement is much more uneven than in the past: while people may well spend their entire lives in the same bank, radical changes in the organisation and structure of work mean that they have to be prepared to perform new types of work without necessarily moving up the ranks.

In the future, internal promotion is therefore likely to be much more random than in the past: advancement based on length of service is now obsolete, for two reasons:

- what matters nowadays, in all the cases examined, is the ability to react and adapt to a precise situation and to work efficiently;
- banks are tending to recruit - with one exception in the United Kingdom - at a higher level of qualification.

Whereas banks would, five years ago, appoint an employee without a degree or diploma but with tried and tested experience of the industry and the bank to a responsible post, they are now looking outside the bank to recruit graduates with two or three years of occupational experience who possess all the expertise needed to perform the job (in 1990, for instance, in France, 20% of managers had been promoted internally in comparison with 17% in 1996).

While this may not be an absolute rule, it is a trend which is clear from the surveys conducted in the various countries.

Lastly, banks and in particular merchant banks have too few employees (less than 50) for repeated promotion within the same bank (United Kingdom). This gives rise to a high turnover within banks of this type.

6.5 The new types of job

Those countries in which the introduction of the new technologies into banking trades is proceeding apace have the most accurate information on the notion of new jobs.

In general and in all the countries, jobs focusing on customer service and customer contact are on the increase.

One of these new jobs is to be found in the new telephone call centres (France, United Kingdom) which operate on a 24-hour basis and employ workers who are able to deal with customers' requirements (for instance an application for a loan) by using software that contains a number of scenarios, one of which generally matches the customer. At present, this type of job is more widespread in the United Kingdom than in France.

These new jobs also include the "client data manager" in The Netherlands, i.e. the person responsible for updating the customer database and ensuring that the employees using it always input up-to-date and accurate information.

Again in The Netherlands, the "user support employee" is the person responsible for providing back-up for operators using telematic applications for various processes.

In France, it is interesting to note that the work of "counter clerks" is being extended to tasks ranging from the processing of computerised data to individual advice for customers. Experts consider, moreover, that there will in the future be a substantial demand for data transfer interface and security trades.

In Luxembourg, although job definitions are less precise, a large number of jobs have been created in the area of IT management: the job of the network manager in one of the two banks interviewed has been supplemented by a whole range of activities and skills: this kind of transformation is in practice akin to the creation of a new job (see Luxembourg report - job descriptions).

6.6 Jobs at risk

The future of some jobs seems to be threatened by the introduction of the new technologies into the banking world. While they are unlikely to disappear immediately, their numbers are declining or are likely to decline.

Overall - and in all the countries studied - these are clerical jobs.

The Luxembourg report describes the case of the secretary-typist.

The table included in the French report shows a decline in all the clerical and administrative jobs threatened by computer-aided decision-making software and the processing of transactions by electronic data interchange and automatic follow-through by computer systems.

In the United Kingdom, "business development managers" have lost some of their responsibilities. The situation observed in the British bank differs, however, from the situation in the Luxembourg commercial bank where direct contact between customers and their bankers plays a key part in any decision concerning a loan. No provision is therefore being made for the use of the software used in the United Kingdom.

Lastly, while the growth of call centres in the United Kingdom is creating jobs, these are jobs that are likely to disappear in the medium term.

The Netherlands report gives the example of the teller or counter clerk.

6.7 Skills/abilities required

From the point of view of qualifications and technical skills, a distinction needs to be made between:

- banking skills,
- technical skills connected with the use of the new technologies and commercial methods and practices.

In the United Kingdom, for instance, the trend is towards the reduction of middle management jobs requiring sound banking and financial knowledge and skills: it is now preferred to concentrate very specialised banking skills among a limited number of people who take action only where computer-aided decision-making software has not enabled a less qualified employee to provide a customer with a satisfactory answer. The software operator obviously does not have to have in-depth banking skills since the principal decision-making tool is the software.

In Luxembourg, where the use of the new technologies is not at present as widespread as in the United Kingdom, experience and technical skills still take priority, although stress is also placed on social skills.

In France, the distinction is between expertise in knowledge of products and creativity: an increasing need for product creation and product marketing skills has been identified. In view of

the increasingly short shelf-life of products, the main requirements are inventiveness and constant updating of knowledge.

Recruitment for all jobs requiring these skills takes place at a higher level of qualification than in the past. Overqualified candidates tend to offer their services for jobs requiring sound knowledge of banking but not requiring their degrees and diplomas as they consider that they might move on to a better post when they have joined the bank.

In the case of jobs of a more technical and/or commercial nature, there are different trends in different countries: in the case of call centre jobs in the United Kingdom, the ability to operate computerised tools is much more important than a knowledge of actual banking techniques. In some ways this is a form of skills downgrading making it possible to recruit people with low level skills (but who can operate computer tools).

In France, however, it is often the case, even for low added value jobs with some technical aspects, that people overqualified for the normal practice of these jobs but available at that precise time who hope to advance up the career ladder within the bank are recruited. This is true for instance of workers (baccalauréat + 2 years) employed in telephone call centres.

In Luxembourg, there is also a trend, for other jobs of a technical nature such as network managers, to recruit better qualified personnel than five years ago.

Comparable trends can be seen in The Netherlands. Given that commercial skills are increasingly sought after, people with higher qualification levels are recruited or upgrading training is provided for workers who have been redeployed (for instance client consultants in The Netherlands).

What has led to this situation?
On the one hand, the employment situation means that increasingly large numbers of job applications are being received from people with qualifications who are unable to find jobs in which they can put these qualifications to use and, on the other hand, jobs are changing and now require more expertise and more creativity.

In the case of "high-tech" jobs, the basic principle is that better-educated people are more likely to be able to adapt to technological progress.

Social skills

Almost all the banks interviewed pointed out that, as a general rule and for all jobs, greater importance was being attached to individual social and behavioural skills. Nowadays, whatever their job, employees are expected to be more adaptable to change, but must also be willing to take more responsibility for their jobs, must possess a wider range of skills (there are examples of this trend in all the reports), must show greater creativity in proposing made-to-measure solutions, for instance in network management, etc.

Given that commercial activities are occupying an increasingly key place and will provide work for a growing number of people, the stress obviously has to be placed on client contact, availability, and all the communications skills.

It is very important to be aware of the extent of these changes in banking jobs so that they can be taken into account in recruitment and existing personnel can be made aware of their importance and attend training schemes to acquire or improve on these skills.

These trends can be seen from a number of examples: the job description of the portfolio manager at the second Luxembourg bank or the job description of the client consultant given in the Dutch report. The French report gives the example of junior customer service workers who have to be multi-skilled.

6.8 The role of training

The introduction of the new technologies and subsequent changes in jobs have to be underpinned by a sound policy of training in banks. The methods used in each country and in each of the banks interviewed to fill skill gaps or improve skills are nevertheless closely linked to their respective strategy choices.

As a general rule training schemes are:

- integrated into the occupation in question and offered to everyone working in that occupation;
- organised to upgrade skills (France, United Kingdom, Netherlands);
- organised during the introduction of devices using the new technologies that offer, for instance, savings in time and increased operational reliability (Luxembourg, France);
- organised to make people aware of and train them in the use of tools enabling ready access to information that could improve the quality of the advice given.

At present, there does not seem to be a standard route for training in the new technologies (Luxembourg, France). One-off schemes tend to be organised depending on needs.

In more general terms, the managements of the banks interviewed (Netherlands, France, United Kingdom) would like to attach more importance to continuing training and in particular to encourage employees to continue to progress by taking part in training schemes or self-training (Netherlands, United Kingdom), especially by attending training leading to certificates or diplomas. Some countries have, moreover, started to reform initial training in this sector, by rebuilding training routes and enabling diplomas to be obtained by credit units.

This desire to raise employees' awareness and to encourage them to continue to learn helps employees' achieve the state of mind that they will need successfully to keep up with the changes that will take place in the banking industry throughout the world over the next ten years.

6.9 Concluding remarks

Although the situations of these four countries differ in many respects and the new technologies have not been introduced to the same extent, two conclusions that are valid for all four countries can be drawn:

- From the point of view of types of activity

  In view of increasing competition and internationalisation, there is a general trend towards activities of a more commercial nature backed up by tools such as the Internet.

  The stress is nowadays being placed on increasing the quality of the advice given to customers as an added value of the bank.

- From the point of view of jobs and qualifications

  Job descriptions are including a larger range of more demanding criteria, many of which include a number of social skills.

However, operations that can be carried out by means of the new technologies have not as yet undergone a genuine boom.

It would be interesting, however, to compare the findings of this study with the situation that is likely when data encryption methods are absolutely or 99% reliable and the Internet has become an almost perfect means of communication.

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The impact of new technologies on occupational profiles in the banking sector

Case studies in France, Luxembourg, the Netherlands, and the United Kingdom

This study has been carried out within the initiatives supported by Ciretoq, the network on trends in the development of occupations and qualifications, where particular importance has been attached to the impact of change on skills and occupational profiles caused by the information society.

This study, which covers France, Luxembourg, the Netherlands and the United Kingdom, attempts to identify new technologies introduced in banks, the change in existing occupational profiles and — in addition to the new occupations emerging as a result of this change — the changes in qualifications and the training systems' ability to adapt to such changes.

To respond to these issues, we have focused research on several banks which differ in terms of organisation and the application of information and communication technologies.

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